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Violence mars protests in Greece

European Pressphoto Agency

Protesters clashed with riot police during a demonstration in Athens on Thursday. Thousands of demonstrators gathered to protest the draft $6.55 billion package of austerity measures announced by the Greek government last week to overcome the financial crisis. **Page 6**

HSBC: data stolen from Swiss unit

By Deborah Ball And David Gauthier-Villars

ZURICH—**HSBC Holdings** PLC said a former employee stole data on about 24,000 accounts in its Swiss private bank that wound up in the hands of French authorities, the latest case to highlight the complications that arise when stolen bank information ends up in the custody of governments eager to chase tax cheats.

The HSBC situation involves a former information-technology employee, Hervé Falciani, who is alleged to have stolen the data in 2006 and 2007 and then attempted to sell it to several governments. Confronted with theft allegations by HSBC in December 2008, Mr. Falciani, a dual French-Italian national, fled to France. Months later, French authorities raided his house there and confiscated the data.

French authorities have since returned the data to Switzerland and have agreed not to use the information to lodge an official request with Swiss authorities to secure further information that would help pursue French tax dodgers. However, it reserved the right to use the data unilaterally to chase such evaders in France. It may also give the data to other governments looking to use it to pursue their own tax evaders.

The situation is a difficult one for HSBC, which in December said it believed that fewer than 10 clients were affected by the theft. HSBC says it only discovered the full extent of the theft on March 3, after the data were returned to Switzerland by France. HSBC is pursuing criminal charges against Mr. Falciani in Switzerland, but for the moment he remains free in France.

The news again ratchets up the pressure on Swiss bank secrecy. Over the last two years, foreign governments have increasingly fought the Alpine nation's traditional resistance to helping authorities pursue tax dodgers with Swiss bank accounts. In a settlement last year, the Swiss government agreed to hand over details of 4,450 accounts held by U.S. taxpayers who allegedly evaded U.S. taxes, although that deal has been held up due to legal is-

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WSJ. magazine

Patrizio Bertelli: the mastermind behind Prada

Fashion

- The look for spring is wide open, with an array of shapes and cuts unencumbered by the status quo.
- Six star athletes model the season's most elegant and breathable cotton suits.

China's struggling 'ants' spur jobs-market worry

BEIJING—A string of villages on the outskirts of Beijing has become the unlikely focus of a national discussion about China's stubbornly tough job market for young people, as officials meet in the capital for the annual session of China's legislature.

The area north of Beijing is populated by young people who call themselves the "ant tribe" because of their industriousness as well as their crowded, modest living conditions. Members of the National People's Congress, which is meeting this week in Beijing, held a news conference Thursday to highlight the plight of unemployed graduates and call for far-reaching overhauls in the education system, which they say hasn't prepared students adequately for the job market. Proposals included more vocational training and greater interaction between schools and employers.

"The living conditions of some 'ants' could easily make people feel worried and also trigger people's discontented mood," said Ge Jianxiong, a member of the Chinese People's Political Consultative Conference, the advisory body that meets alongside the congress this week. "This has to be given great attention by both the government and society."

Earlier this month, some conference members visited the village. Several said they were moved to tears when they heard two students, who share a five-square-meter (54 square-feet) room, sang a song they composed about their tough lives.

Government statistics show 87% of college graduates found work last year. But many graduates doubt those figures, and they say that jobs that are available often pay a barely livable wage.

Underemployment among young graduates is the product largely of a rapid expansion by the country's state-controlled universities over the past decade that dramati-

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What's News—

* * *

Business & Finance

■ **Democratic Sen. Dodd** will introduce his plan to overhaul financial regulations Monday without any Republican support, potentially imperiling the White House's effort. 3

■ **Mitsubishi Motors is** unlikely to raise its stake in a China joint venture, as the Japanese auto maker seeks to preserve cash. 13

■ **BP paid $7 billion** for certain Devon Energy oil assets off the shores of Brazil, Azerbaijan and the U.S. 17

■ **Taiwan's government will** decide by June whether to let a Hong Kong consortium buy an AIG unit, saying the purchase doesn't seem to be backed by mainland Chinese money. 15

■ **Thailand's Thanachart Bank** will buy a 47.58% stake in Siam City Bank in a deal valued at $2.08 billion. Bank of Nova Scotia owns 48.99% of Thanachart. 15

■ **U.S. stocks fell** as jobs data and concerns over the potential impact of monetary tightening in China weighed. Japanese stocks rose on a weaker yen. 23

■ **The Fed played** the biggest role in rescuing the U.S. economy from financial crisis, say economists in a Wall Street Journal survey. 7

■ **The U.S. trade deficit** unexpectedly narrowed 6.6% in January, a sign that global economic weakness has eased. 7

■ **Growth in China's** bank lending and investment spending slowed in February, a sign that the government's gradual withdrawal of stimulus policies in recent months is starting to have an effect on the real economy. 4

■ **Japan revised** fourth-quarter GDP growth lower to 3.8%. The third-quarter economy shrank. 4

■ **Shenzhen Development Bank's** 2009 net profit was more than eight times bigger than in 2008. Bad-debt provisions fell and lending grew quickly. 20

Xinhua/ZUMApress.com

Thai soldiers stand guard Thursday near Government House—the prime minister's office compound—in Bangkok. Officials began mobilizing 50,000 security personnel ahead of a planned weekend mass rally by antigovernment protesters. The Internal Security Act has been put into effect from Thursday to March 23, giving the country's top security agency broad powers. Supporters of ousted former Prime Minister Thaksin Shinawatra have vowed to bring the capital to a standstill if a new election isn't called.

■ **Swire Pacific posted** a 62% rise in 2009 underlying profit, suggesting a broad-based recovery in Hong Kong's economy. 18

■ **Treasurys recovered** from early weakness after a strong auction capped the last leg of the U.S. government's $74 billion securities sales this week. 22

* * *

World-Wide

■ **Violence broke out** between police and protesters in central Athens as an estimated 30,000 people gathered to demonstrate against the government's austerity program. 6

■ **Early Iraqi results showed** a close race between the parties of Prime Minister Maliki and challenger Ayad Allawi, a former premier. 7

■ **U.S. Vice President Biden** urged Israelis and Palestinians to move beyond a diplomatic spat that marred his trip to the region.

■ **Several strong aftershocks** hit Chile as President Sebastián Piñera was inaugurated. One aftershock measured 7.2 magnitude.

■ **Taliban leaders have dispersed** in Pakistan to avoid capture, hampering the Afghan insurgency. The dispersion is slowing the group's efforts to replace Mullah Baradar, its detained operations chief. 10

■ **U.S. dairy farmers** are pleading for protection from their counterparts in New Zealand as President Obama's trade negotiators start talks in Australia next week on a regional agreement to open markets wider. 5

■ **Ukrainian President** Yanukovych secured a governing coalition in parliament and won approval for close ally Mykola Azarov to serve as prime minister.

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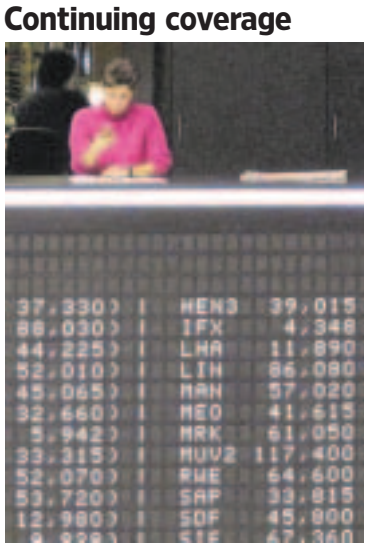

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American commanders in Iraq were surprised by the relatively low levels of violence in Sunday's elections.

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WORLD NEWS

U.S. financial overhaul faces fight

By Damian Paletta

WASHINGTON—Senate Banking Committee Chairman Christopher Dodd (D., Conn.) will introduce his sweeping plan to overhaul U.S. financial regulations Monday without any Republican support, potentially imperiling President Barack Obama's effort to redraw rules for the industry.

Mr. Dodd still hopes that his negotiations with a Republican on his panel, Sen. Bob Corker of Tennessee, can be worked out and that they will be able to bring a bipartisan bill to the Senate floor.

But at a news conference, Mr. Corker said the move came after intense political pressure on Mr. Dodd from other Democrats and some administration officials, who were pushing to get a bill through the committee before a key Senate vote on a health-care overhaul.

Mr. Corker said "White House politics and health care have kept us from getting to the goal line."

Both lawmakers have said in recent days they were close to a deal, but talks broke down Wednesday when Mr. Dodd told Mr. Corker the bill would have to be introduced on Monday. Mr. Corker described Wednesday as "one of the most bizarre days I've experienced in the Senate."

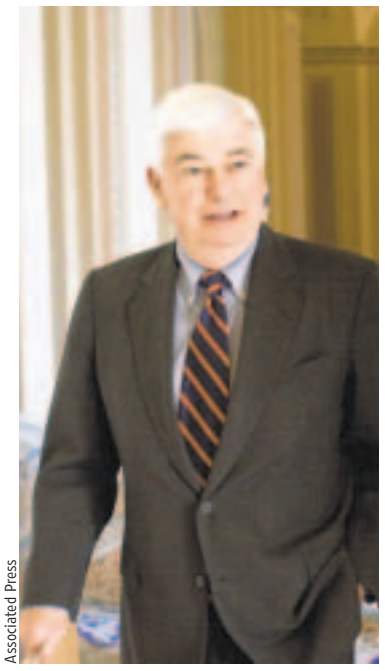
For his part, Mr. Dodd said he would still try to bring together a bipartisan bill.

"Our talks will continue, and it is still our hope to come to agreement on a strong bill all of the Senate can be proud to support very soon," Mr. Dodd said in a written statement.

Introducing the bill Monday will allow Mr. Dodd to hold a vote in his committee before the Senate's Easter recess in early April.

If Messrs. Dodd and Corker can resolve their differences in the next week, which appears unlikely, they could offer amendments to Mr. Dodd's bill and create a more bipartisan product. Mr. Corker chided an effort to bring a quick vote on the bill in the committee, calling it a "travesty."

If their differences aren't settled, the vote in Mr. Dodd's committee could fall along party lines, making it difficult for Democrats to overcome any effort by Republicans to block the legislation with a filibuster. Sixty Senate votes are needed to overcome a filibuster; Democrats control just 59. Mr. Dodd has said he doesn't want to go to the Senate floor "begging for a 60th vote."



Associated Press

Democratic Sen. Christopher Dodd

Republicans are using the Democrats' plan to pass their health-care overhaul as a political weapon. Democrats plan to push the revamp through the Senate using a process called reconciliation that requires only a majority vote, disabling the minority's ability to filibuster.

"This concept that they are going to use reconciliation has collided with everything," said Sen. Judd Gregg, a Republican from New Hampshire. "It clearly poisons the well."

Mr. Dodd's deadlines for introducing a financial-overhaul bill have slipped in recent weeks as talks with Mr. Corker dragged on longer than expected. Mr. Dodd said last week he was optimistic he could get a deal but described the process as fragile. Some Senate Democrats, and even Obama administration officials, have pushed Mr. Dodd to go ahead and introduce legislation, even without Mr. Corker, to force the issue.

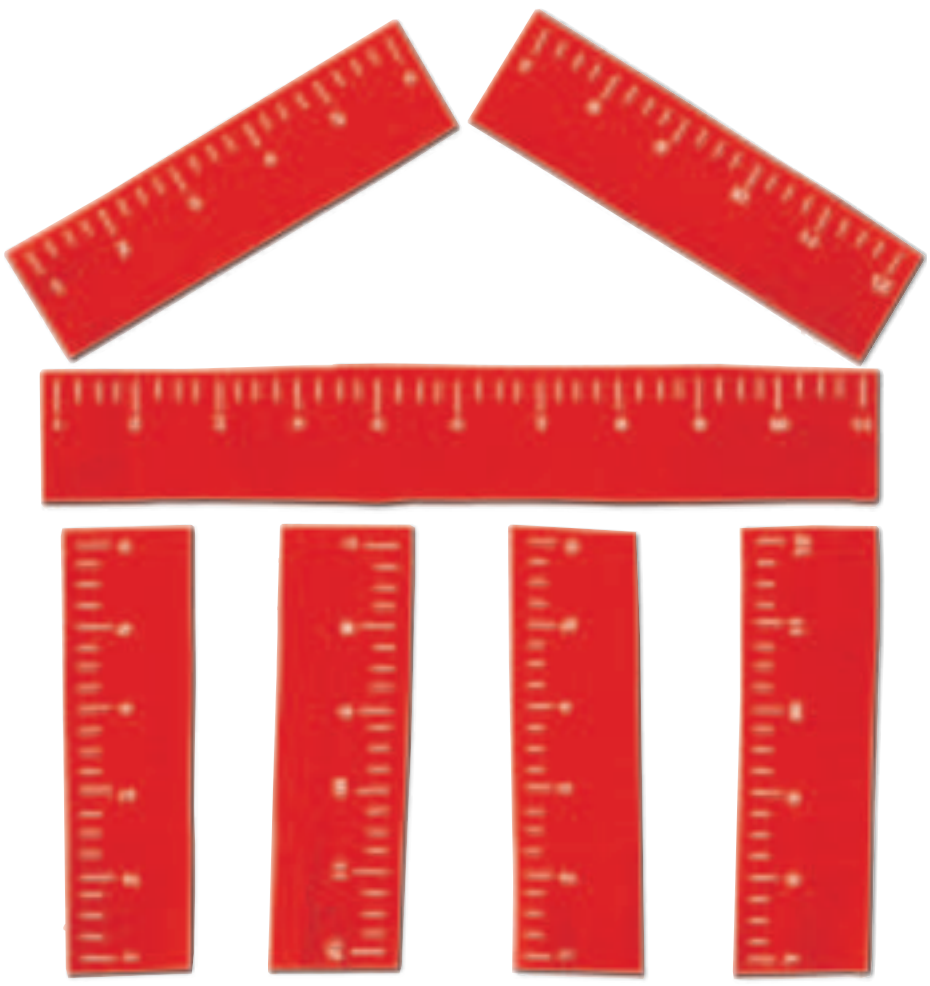
Many Democrats feel they shouldn't offer too many concessions to Republicans in the bill and should instead force Republicans to vote against consumer protections and tougher curbs on Wall Street, stances that could be difficult politically.

At the news conference, Mr. Corker appeared to weave between optimism and pessimism. He at times spoke of the process in the past tense, as if it were over, But he also said a "far messier" deal would eventually get made.

Lawmakers have wrangled over provisions in the bill, including consumer protection, bank regulation, the role of the Federal Reserve, and oversight of derivatives.

Most recently, Democrats and Republicans on the panel have clashed over what types of investor protection and corporate-governance rules should be in any new bill. Senate aides described this as a sticking point over the past few days.

Mr. Corker said one of the key unresolved issues was over derivatives regulation, though differences remained on investor rules as well.



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China data show moderating policy

Rapid growth in bank lending slows while rise in prices quickens pace; economists urge further cuts in stimulus

By Terence Poon And Andrew Batson

BEIJING—The rapid growth in China's bank lending and investment spending slowed in February, official data issued Thursday show, a sign that the government's gradual withdrawal of stimulus policies in recent months is starting to have an effect on the real economy.

Still, economists continued to sound warnings about inflation pressures and urged Beijing to unwind its stimulus measures further.

Fixed-asset investment in urban areas, China's main barometer of capital spending, rose 26.6% in the January-February period from a year earlier, according to data from the National Bureau of Statistics. That is the slowest growth rate in a year, and down from the 30.5% expansion for all of 2009, reflecting the shift in priorities for this year. Premier Wen Jiabao said in his annual work report last week that "the launching of new projects must be strictly controlled" this year.

Meanwhile, the consumer-price index, the nation's key inflation gauge, in February rose 2.7% from a year earlier, the fastest rise in more than a year and quickening from January's 1.5% rise. The Lunar New Year holidays, which fell in February this year and January last year, lifted the latest CPI number as people spent more on food and travel during the holidays, which tends to drive up prices.

The People's Bank of China, which has said it will work to gradually normalize monetary conditions this year, reported that banks extended 700.1 billion yuan ($102.6 billion) in new local-currency loans in February, around half the 1.39 trillion yuan in January and well below the 1.07 trillion yuan in February 2009. Growth in outstanding loans eased to 27.2% at the end of February, from 29.3% in January, also the slowest growth rate in a year.

China was the first major economy to recover from the global financial crisis, thanks to the government's successful drive to boost the economy. Although China's top leaders have repeatedly said they are committed to supporting growth amid uncertain prospects for the global economy, the concern about a buildup of inflation and possible asset bubbles have led them to dial back the intensity of the stimulus since late 2009. Officials have restricted the funds available to banks for lending and have slowed government spending on public-works projects.

"Beijing has continued to successfully use incremental tightening measures to slow the pace of economic growth back to a more sustainable level from last year's hyper-stimulated rate," said Andy Rothman, China strategist for brokerage firm CLSA, in a research note.

Citigroup economist Shen Minggao said last year's fast credit growth and the export rebound have tempered the impact of policy changes. "But their impact will become more marked in the second and third quarters, as export growth slows on the weakening momentum in U.S. restocking and as credit tightens," he said, adding investment and import growth could slow.

Confirming the stricter trend on new investments, China's Ministry of Land and Resources published rules Wednesday requiring developers purchasing land from local governments to put up a down payment of at least 50%, up from 20% to 30% previously.

—Liu Li and Joy C. Shaw contributed to this article.

An employee counts Chinese yuan banknotes at a Bank of China branch in Hefei

Japan revises down GDP, shows earlier contraction

By Takashi Nakamichi

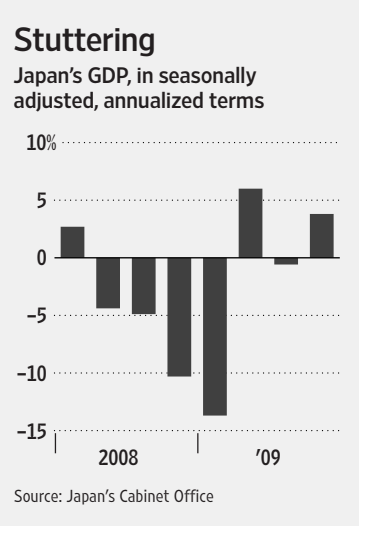
TOKYO—Revised government data showed Thursday that Japan's fourth-quarter growth was weaker than previously thought, and that the economy actually contracted in the third quarter, underscoring how delicate the country's recovery is.

The Cabinet Office cut the October-December gross domestic product growth rate to 3.8% in price-adjusted annualized terms, from the initial 4.6% announced last month. The government cited drops in private-sector inventory and weaker-than-thought business and government spending.

The economy rose 0.9% quarter-to-quarter, the revised figures showed, compared with a preliminary 1.1%.

In the third quarter, Asia's biggest economy shrank an annualized 0.6%, instead of growing 0.03% as previously estimated, reflecting inventory declines, the Cabinet Office said.

The economy is growing through exports to countries such as China and the U.S., but domestic demand remains fragile amid deflation, and still depends on stopgap government stimulus measures. While few economists predict Japan will fall back into recession, they expect the recovery pace to be slow in the current quarter.



"The economy is managing to grow through exports, but the problem is that those gains from exports aren't strongly filtering through to domestic demand," said Toshihiro Nagahama, chief economist at Dai-Ichi Life Research Institute.

Finance Minister Naoto Kan said the government and Bank of Japan must share the same policy direction to beat deflation, putting fresh pressure on the central bank to do more to bring about mild inflation.

"There's no question that we must move forward while sharing the unified direction with the Bank of Japan," Mr. Kan said during a parliamentary session. "By making efforts and by sharing the common goal with the BOJ, I want to bring the rate of price changes into a positive territory within this year if possible, and I'd like to take a variety of steps" to achieve this.

Growth could moderate to an annualized 1.2% in the January-March quarter due to weaker consumption, he said. Japanese consumers increased spending for three quarters in a row through December, despite falling wages, partly because of government support, such as subsidies for fuel-efficient cars and electronics, Mr. Nagahama said. But now that these measures have been in place for some time, they are unlikely to spur greater expenditures, he added.

For now, analysts, including Mr. Nagahama, don't necessarily think there is a high risk the slowdown will turn into a contraction.

Mari Iwashita, chief market economist at Nikko Cordial Securities, sees the economy growing only an annualized 0.4% in the first quarter, but then expanding 1.7% in the second quarter.

Keisuke Tsumura, a Cabinet Office parliamentary secretary, also said the risk of a double-dip recession is "receding," adding to expectations the government will upgrade its economic assessment next week.

Yet there are signs the government isn't overly confident, and so could keep the pressure on the BOJ to take bolder steps to reinvigorate growth ahead of a key Upper House election the summer.

The fourth-quarter GDP figures "are in positive territory, but we have to keep watching the economy carefully with the understanding that it is still in a severe situation," said Chief Cabinet Secretary Hirofumi Hirano.

Much of the fourth-quarter downward revision was due to inventory declines. The government said this shaved 0.1 percentage point off quarterly GDP, rather than adding 0.1 point, as estimated in the preliminary data.

Government spending was altered to a 0.6% quarterly rise from a preliminary 0.8% climb in the data.

The closely watched business-investment figure was revised lower, to a 0.9% rise from a preliminary 1%. But the change was so slight that Ms. Iwashita said it "much eases concerns over the growth rate in the January-March period."

The rise in this key pillar of domestic demand also marked the first in seven quarters, signaling a bottom.

Meanwhile, the GDP deflator, the broadest gauge of price trends, fell 2.8% year-to-year in the fourth quarter, the data showed. While the number beat a preliminary 3% decline, it still represents the sharpest decline on record, highlighting deflation.

Consumer spending rose 0.7% quarter-to-quarter and exports gained 5%, both unchanged, the data showed.

WORLD NEWS

Myanmar moves troops to borders

Soldiers head to areas near China, Thailand in anticipation of possible conflicts with region's minority groups

By A Wall Street Journal Reporter

YANGON—Myanmar's military is moving large numbers of soldiers to border areas near China and Thailand in anticipation of possible conflicts with ethnic rebels in those areas before elections this year, according to diplomats, intelligence experts and residents who are tracking the activities.

Details about the buildup, including the total number of troops involved, are unclear. Myanmar is one of the world's most secretive countries, and its government rarely speaks publicly about activities it deems sensitive, especially military movements. Attempts to reach the Myanmar government were unsuccessful.

But analysts and dissidents say the deployments—which are believed to include tens of thousands of soldiers—are designed to ratchet up pressure on Myanmar's numerous armed ethnic groups before the regime holds elections this year. Several of the groups—including the Wa, an ethnic minority with a private army that includes as many as 20,000 soldiers—have yet to indicate whether they will participate and continue to resist any move that would reduce their autonomy.

Myanmar's military is trying to "turn up the pressure" on rebels through the troop deployments, said Bertil Lintner, a Thailand-based military expert who has followed the issue. If tensions continue to build, he said, "I think there will be military action."

The generals "could decide they have to solve" the border problem now because of the election, said one Yangon diplomat.

Some analysts believe Myanmar authorities will stop short of launching a full assault to avoid condemnation from neighbors at a time when the regime is trying to boost its international image by holding elections. Thai officials couldn't be reached Thursday. Previously, Chinese authorities have expressed concern about Myanmar border-area unrest.

The buildup comes at a time when the junta is trying to assert tighter control over how its election—the first since 1990—is conducted. On Thursday, it released the latest in a series of new rules for the vote, including provisions that officially invalidated the 1990 election, which was easily won by Myanmar's main opposition party but ignored by the regime.

The government also appointed a former high-ranking army officer to head the commission overseeing the vote, the Associated Press reported. Myanmar has yet to announce a date for the election.

Reining in the more than a dozen ethnic rebel groups within Myanmar's borders remains a priority for the regime. The junta has struggled for decades to subdue the groups, which control large areas along Myanmar's borders, and it has repeatedly cited that struggle as one of the main reasons to justify its harsh rule over the country, also known as Burma.

To ensure the rebels are pacified in time for the vote, regime officials have ordered ethnic groups to convert their soldiers into "border guards" under the leadership of the Myanmar army, sharply limiting their autonomy. In return, the groups would be allowed to organize political groups and participate in the vote. Several groups, including the Wa, have so far declined.

In August, the Myanmar military targeted a relatively weak ethnic group, the Kokang, in an offensive that drove some 30,000 or more refugees into China and left more than 30 people dead. Most of the refugees returned when it was clear the Kokang had been overwhelmed.

Associated Press

A policeman leaves a Yangon office of Aung San Suu Kyi's party on Thursday.

A spokeswoman for China's Ministry of Foreign Affairs last year expressed "deep concern" over the Kokang episode, a rare public rebuke from its northern neighbor.

A conflict with the Wa or other large ethnic groups would likely be worse, analysts say. The Wa are believed to be far better-armed and better-organized, thanks in part to revenue from drug trafficking, according to U.S. government and international antinarcotics officials. Intelligence experts say ethnic groups have been building up their arms stockpiles, meaning they could present a bigger challenge if the military doesn't act now.

According to Irrawaddy, a Myanmar-focused news organization based in Thailand, the government is moving as many as 70,000 troops into Shan state, a part of northeastern Myanmar occupied in part by Wa and other ethnic minorities. It cited unnamed sources close to military officials working in Myanmar border areas.

Residents in some of the areas have reported seeing large numbers of troops on the move, including near Taunggyi, a city in central Myanmar with military bases nearby and roads heading east into Wa areas. One resident, a former schoolteacher who lives near the main highway in the region, said trucks of soldiers began moving out at night in late February and continued to leave military installations each night for several days. After that, he said, a new round of convoys began carrying rations eastward.

He said he believed the trucks were heading to Kengtung, a town in far eastern Myanmar that is close to areas populated by the Wa. It was impossible to independently verify his account.

Residents in areas further north around Muse, a border crossing with China, report a similar buildup since late February.

"More security forces are visible along the Sino-Burmese trade route" from central Myanmar to Muse, said a businessman who imports computers from China. Other businessmen and brokers have said that getting imported items from China into Myanmar cities has become more difficult because of increased military checkpoints.

U.S. dairies fret over New Zealand imports

By Lauren Etter

U.S. dairy farmers are pleading for protection from their counterparts in New Zealand as President Barack Obama's trade negotiators begin talks on a regional agreement in Australia next week.

New Zealand accounts for nearly a quarter of global dairy exports, according to Rabobank International, a large agricultural lender. U.S. dairy farmers are concerned that increased trade with the Asia-Pacific could result in New Zealand flooding the U.S. with low-cost dairy products such as cheese and milk powder that could depress prices for U.S. producers. Logistics and cost make it unlikely New Zealand would ship fluid milk to the U.S.

"We're in a bad way already," said dairy farmer Paul Rozwadowski, who milks about 60 cows on his northern Wisconsin farm. Making it easier for New Zealand to ship dairy products to the U.S. would be "another thing that's just going to hurt us."

Daniel Sumner, a professor of agricultural economics at the University of California, Davis, who has done work for the New Zealand dairy industry, said the Americans' worries were overblown. "They're making wild claims," he said.

Bloomberg News

A batch of milk is processed at a Fonterra factory in Takanini, South Auckland, on New Zealand's North Island.

U.S. farmers already send agricultural products to New Zealand and other countries in the Asia-Pacific region and trade talks could further open those markets. The U.S. exported $747 billion of goods to the region in 2008, including $76 billion of agricultural products, according to the U.S. trade representative's office.

Last year, U.S. Trade Representative Ron Kirk announced the administration would begin negotiations to further open markets in the Asia-Pacific region. Talks on the Trans-Pacific Partnership Agreement, which are scheduled to begin Monday, will include Australia, Chile, Brunei, New Zealand, Peru, Vietnam and Singapore.

"We're working with the dairy industry and other industries to consult with them on a regular basis," said Deputy U.S. Trade Representative Demetrios Marantis.

In recent months, U.S. food-and-agriculture industries from sugar to beef have raised concerns the Trans-Pacific talks could result in more imports from the region to the potential detriment of U.S. farmers.

American dairy farmers are just beginning to recover from nearly two years of severe losses and commodity-price swings. Last year, milk prices plunged to 30-year lows amid weak global demand and high production costs.

New Zealand's plentiful pastures and mild climate have helped it become one of the world's lowest-cost dairy producers. Its inhabitants can consume only a fraction of the milk and related products made there, which means much of it is sent overseas.

Dairy products account for nearly a quarter of total merchandise exports from New Zealand and about 7.5% of its gross domestic product, according to the U.S. Department of Agriculture. The U.S. imports some dairy products from New Zealand, but tariffs effectively limit the amount.

The New Zealand dairy industry is dominated by Fonterra Co-operative Group, a company owned by 13,000 dairy farmers that processes most of the country's milk. Fonterra said successful talks could produce "a major breakthrough in international trade policy."

U.S. dairy producers fear the structure of New Zealand's industry would help it undercut them on price. Fonterra is "a powerhouse within the global dairy industry with the ability to significantly sway U.S. as well as world dairy market dynamics," said Shawna Morris, vice president of trade policy at the National Milk Producers Federation.

A recent analysis by the American federation concluded that additional dairy imports from New Zealand would result in U.S. dairy producers losing a cumulative $20 billion in revenue over 10 years.

Mr. Sumner of the University of California agreed that more New Zealand dairy products entering the U.S. would put some downward pressure on American dairy prices. But he said the U.S. economy would make gains through increased trade in other industries that would likely outweigh hardships for dairy farmers.

The American dairy industry has been mobilizing members of Congress to lobby on its behalf. Nearly 50 lawmakers signed a letter to Mr. Kirk asking that dairy trade be excluded from the trade talks.

But the American Farm Bureau Federation, one of the nation's biggest farm groups, said it was opposed to exclusions in the negotiations because they could hamper free trade.

The Trans-Pacific talks "should seek to be a trade-facilitating agreement, not a trade-limiting agreement," Devry S. Boughner, food giant Cargill's director of international business relations, told the U.S. International Trade Commission this month.

WORLD NEWS

Greek strike grinds country to a halt

Protesters clash with police during widespread demonstrations by unions against government austerity measures

By Alkman Granitsas

ATHENS—Violence broke out between police and protesters in central Athens on Thursday as an estimated 30,000 people gathered to demonstrate against the government's austerity program as part of a nationwide general strike.

Riot police fired tear gas after clashing with several hundred anarchists, who responded by throwing projectiles. Hooded youths representing Greece's anarchist movement also attacked shop fronts, smashed the windows of one hotel and set alight a car just off one of the city's main streets. Black smoke from the burning car billowed over the student district of Athens, the site of frequent violent protests.

Greece's two umbrella unions, the private-sector GSEE and the public-sector ADEDY, called the strike to protest the €4.8 billion ($6.55 billion) package of spending cuts and tax increases that the government announced March 3, and which was voted into law March 5. The communist-backed PAME union held a separate protest with more than 5,000 people.

The strike has affected public transport, government ministries and state-owned companies, while all flights into and out of the country have been grounded, and all ferry and rail services have been suspended.

On the streets of Athens, normal workday activity was muted. Strike posters hung on street lights and road signs announced a protest rally. Morning news shows on local television were replaced with alternative programming.

"No to unjust and antisocial measures," said ADEDY on its Web site. "The current policies are bankrupting the lives of salaried workers and pensioners."

Main thoroughfares around the city center were blocked by police in anticipation of a large turnout. Just off the city's main square, a group of about 200 police and fire officials also staged a sympathy protest, challenging the government to fulfill its pre-election promises to protect workers' salaries.

Under pressure from the European Union and financial markets, Greece's socialist government last week presented the latest in a series of austerity packages to trim the budget deficit to 8.7% of gross domestic product this year, from an estimated 12.7% last year.

Among other things, the package raises Greece's top value-added tax rate to 21% from 19%, freezes public-sector pensions, cuts civil-service entitlements and bonus pay, while also raising taxes on fuel, alcohol and cigarettes.

Associated Press

Masked rioters set fire to a car in Athens on Thursday during a demonstration against government austerity plans..

The general strike follows several days of escalating labor actions by a variety of smaller unions, including those representing tax collectors, teachers, sanitation workers, court workers and local government officials.

"The latest measures are unjust, and everyone has the right to strike," said Sophia Papadopoulos, a 55-year-old office worker who wasn't participating in the strike. "But I think the economic situation will remain difficult. It's always the people who pay," she said.

"In this country, there is no follow-through and no respect from the government," said Antonios Mantalvenos, a 56-year-old former Olympic Airlines pilot. "But this is not new, it has always been that way. ... It's going to get much worse. When the civil servants actually see the cuts showing up in their salaries, there will be chaos."

This week, staff from Greece's Interior Ministry occupied the government's printing office for several days in an effort to prevent the new measures from being published—and thereby becoming law—in the government gazette.

Borrowing costs hurt Athens budget plans

By Charles Forelle
And Costas Paris

The high interest rates Greece must pay to borrow money are threatening the county's ambitions to cut its deficit, raising again the specter it may need external aid.

Many in Europe breathed a sigh of relief in the first week of March when Greece successfully sold €5 billion ($6.85 billion) in government bonds in an auction that saw investors clamoring for the debt. The sale was seen as a key test: The country needs to borrow about €54 billion this year.

But debt buyers are demanding higher premiums than officials in Athens anticipated when they planned the 2010 budget, and when they proposed to European Union authorities in January a plan to trim last year's €30 billion budget gap by €9 billion this year.

Indeed, Greece's filings with the EU rest on assumptions implying that this year and next the country will pay an average interest rate of about 4.7% on its new debt. That figure is consistent with the rates paid on existing Greek bonds, mostly issued in better times. But in last week's auction, Greece had to pay 6.25% for a 10-year loan—about three percentage points above what Germany pays for similar debt.

If rates remain high, Greece will have to pay about €700 million more in interest costs this year than it projected, according to Nikos Magginas, an economist at National Bank of Greece. "If the conditions improve—and they have been better in the last two weeks—the deviation could be lower," Mr. Magginas says. "For the time being, we estimate" €700 million.

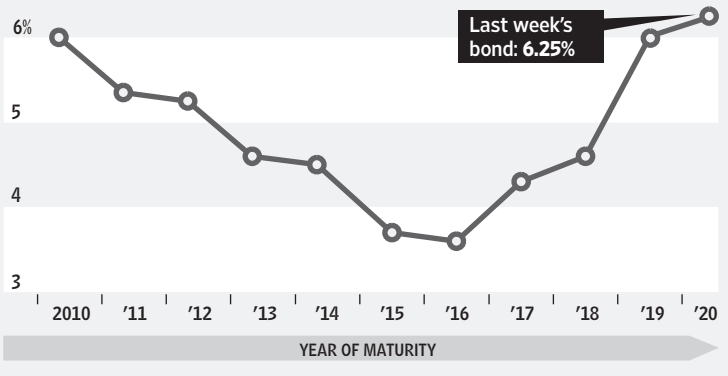
Such extra interest costs would be painful for a country grappling with unrest as it tries to wring out every excess euro cent from its budget. A move to save €650 million by imposing a 10% cut in government salary allowances was greeted with turbulent opposition and broad work stoppages.

Associated Press

Greek trade union members protested in Athens Wednesday.

Clipped by the coupon

Greece is paying higher interest rates, or coupons, on its most recent bond offering than on previous 10-year debt issues.



Source: Greek Public Debt Management Agency

Interest is already a huge line item in the Greek budget, projected at about €13 billion this year. That is more than the government will spend on education, the justice system and police services combined.

In recent days, Greek officials have been warning their counterparts at the European Union that high rates are a problem, in an effort to pressure the EU to go beyond the vague political statement of support made at an EU summit last month.

On Wednesday, a senior government official said Greece could urge international institutions to buy Greek bonds at a set interest rate if borrowing costs are too high, according to the Associated Press.

Deputy Prime Minister Theodore Pangalos said that in the case of "an unjustified speculative attack," Greece wants guarantees that international institutions "will come and say: 'Look here, I am buying Greek bonds at this price, with this interest rate,'" the AP reported; Mr. Pangalos didn't say which institutions he was referring to, or elaborate on the interest rate.

The Greeks are hoping a firmer offer of assistance at an EU finance-ministers' meeting next week could reassure potential bond buyers that Greece won't be permitted to default, thus bringing down rates.

"We would like to borrow at more normal rates, or lower rates," Greek Prime Minister George Papandreou told journalists during a visit to Washington this week. There is demand for Greek debt but rates are "still not low enough. And that's not in the long run sustainable."

A Greek official said the government needs "some kind of guarantee for our bonds from our European partners" to bring down rates. "If they don't give it to us and the spreads continue to be so wide, we will likely publicly ask for economic assistance."

That is a step Greece hasn't yet taken, and one that would put the richer euro-zone countries in a dilemma: Say no, and risk a Greek collapse that could reverberate throughout the currency union, or say yes over the objections of reluctant citizens. Germans, who would foot much of the bill for any bailout, are emphatically opposed.

In what is playing out as a game of high-stakes brinksmanship, the EU is leaning on Athens to make cuts and raise levies ahead of significant borrowing needs this spring, when Greece needs to raise more than €20 billion through debt issues.

Athens is scrambling to put the measures in place while also angling for extra support to help contain borrowing costs.

An EU spokesman said Greece is "on track" to meet its goal of cutting the deficit from the equivalent of 12.7% of gross domestic product last year to 8.7% this year, and then below the EU's 3% limit by 2012.

In a progress report to the EU published Wednesday, the Greek finance ministry said "very high yields" will "probably lead to a revision in the budget interest payments for the debt in 2010." That would raise the deficit figure. It didn't quantify by how much, and a ministry spokeswoman didn't respond to requests seeking details.

The Greek official said Athens will seek to raise a further €10 billion through one or two bond issues this month, and between $5 billion and $10 billion through an offering in March or April targeting investors in the U.S. and Asia.

Some of that will go toward replacing the next big bond that needs to be repaid, a five-year, €8.2 billion issue that matures in April. The interest rate Greece is paying on that one: 3.10%.

—Gerald F. Seib contributed to this article.

U.S. trade gap narrows; auto, oil imports drop

By Darrell A. Hughes And Tom Barkley

WASHINGTON—The U.S. trade deficit unexpectedly narrowed in January, a sign that global economic weakness has eased.

The U.S. deficit in international trade of goods and services decreased 6.6% to $37.29 billion from a revised $39.9 billion the month before. The December trade gap was originally reported as $40.18 billion.

The January deficit was lower than Wall Street expectations for a $41 billion shortfall.

U.S. exports decreased by 0.3% to $142.66 billion from a revised $143.15 billion the previous month. Imports slipped by 1.7% to $179.95 billion from $183.05 billion in December.

The politically sensitive U.S. trade deficit with China rose to $18.3 billion from $18.14 billion in December. Exports fell by 17.6% to $6.89 billion.

Shortly after the release of the trade report, President Barack Obama said at the U.S. Export-Import Bank's annual conference that the world would benefit if China moved to a more market-based currency system.

Meanwhile, U.S. trade deficits with some other major trading partners declined. The deficit with Japan narrowed $3.35 billion from $4.61 billion.

The trade gap with the euro area fell to $2.94 billion from $5.45 billion, while the gap with Mexico also fell to $4.62 billion from $5.23 billion.

Trade, which provided some support to the economy during the recent recession, helped contribute to the stronger-than-expected expansion in the fourth quarter. Net exports added 0.3 of a percentage point to gross domestic product in the fourth quarter, when the economy grew a revised 5.9%.

The real, or inflation-adjusted deficit, which economists use to measure the impact of trade on GDP, fell to $41.04 billion from $43.78 billion in January, Commerce said Thursday.

The U.S. bill for crude-oil imports in January fell to $18.12 billion from $20.28 billion the month before, despite a 69 cent rise in the average price per barrel to $73.89.

Crude import volumes dove to 245.27 million barrels, the lowest level since February 1999, from 277.07 million the month before.

The U.S. paid $24.68 billion for all types of energy-related imports, down from $25.55 billion.

Auto- and related-parts imports dropped $1.48 billion and purchases of foreign-made capital goods fell $1.05 billion.

Imports of foreign-made consumer goods fell $876 million from the month before. Imports of industrial supplies slipped $38 million in January, driven mostly by crude oil.

Meanwhile, food and feed imports rose $123 million.

Fed gets credit for rescue

Economists say stimulus helped but cite U.S. central bank's key role

By Phil Izzo

The $787 billion stimulus package was a good for the economy, but the Federal Reserve played the biggest role in rescuing the U.S. economy from the financial crisis, according to the majority of economists in the latest Wall Street Journal forecasting survey.

"A much worse result would have occurred if nothing had been done," said survey participant Allen Sinai of Decision Economics, co-author of a paper examining the effects of government intervention with colleague Paul Edelstein. But "the absence of monetary policy easing [by the Fed] would have resulted in a much worse economy than the absence of the fiscal policy stimulus."

Thirty-eight of the 54 surveyed economists, not all of whom answered every question, said the American Recovery and Reinvestment Act boosted growth and mitigated job losses, while six said the legislation had a net negative effect.

On average, economists estimated that the stimulus added one percentage point to growth in 2009; they forecast gross domestic product would expand 3% this year, compared with 2.2% in the absence of stimulus. They estimated that the February unemployment rate, reported at 9.7%, would have been 10.4% without the stimulus.

But the Fed's interventions likely played a bigger role in pulling the economy out of its tailspin, economists said. In their paper, Messrs. Sinai and Edelstein estimated that the Fed's actions boosted GDP growth by 1.9 percentage points in 2009 and would add 3.3 points this year.

The survey respondents broadly agreed. When asked which government policies played the biggest role in resuscitating the U.S. economy, 25 respondents chose low interest rates and 13 said it was the central bank's purchases of Treasurys and mortgages. Eight cited the bank stress tests and related capital-raising by banks. Just three said the stimulus played the biggest role.

"More could have been done if Congress had acted when [Fed Chairman Ben] Bernanke asked it to act in November of 2008," said Diane Swonk of Mesirow Financial.

Indeed, the Fed was able to move earlier than Congress and the size of its interventions dwarfed the stimulus. The central bank will have purchased nearly $2 trillion of Treasurys, agency debt and mortgage-backed securities by the end of this month. Meanwhile, record-low interest rates have allowed banks to rebuild balance sheets severely damaged by the credit crisis.

But even as a recovery materializes and Fed monetary policy begins to normalize, long-term problems will persist. Economists expect the unemployment rate to remain above 9% throughout 2010. The U.S.'s long-term debt also has ballooned during the recession, and 43 economists expressed little to no confidence that the government would act to reduce the debt before another major financial-market crisis occurs.

Managing the crisis

Which of the following government policies played the biggest role in resuscitating the U.S. economy in the past several months?

The $787 billion fiscal stimulus	3 economists
The stress tests of the big banks and related capital-raising by the banks	8
The Fed's purchases of U.S. Treasurys and mortgages	13
The Fed's ultra-low interest rates	25

Source: WSJ reporting

Early Iraq vote count shows very close race

By Charles Levinson

BAGHDAD—Early results in Iraq's parliamentary elections show a tight race between Prime Minister Nouri al-Maliki and challenger Ayad Allawi, a former premier.

Iraq's Independent High Electoral Commission said Thursday that both candidates' parties were leading in two provinces each, the Associated Press reported.

The commission said Mr. Allawi's secular coalition had the lead in the former insurgent strongholds of Diyala and Salahuddin, north of Baghdad, AP reported. Earlier in the day, the commission said Mr. Maliki's bloc was ahead in Babil and Najaf, two mainly Shiite provinces in southern Iraq.

Election officials had delayed for two days the announcement of preliminary results, but the back-room wheeling and dealing to form the country's next government was in full swing.

Whatever the vote's outcome, Mr. Maliki appears likely to face a stiff challenge to secure a second term as prime minister. Mr. Allawi is already working to cement a coalition that will keep Mr. Maliki out of power. A grand coalition of both their parties is considered unlikely.

If Mr. Maliki's slate wins, Mr. Allawi could join, though he would likely push for a compromise choice to take the post of prime minister.

Mr. Allawi traveled to Kurdistan Thursday to meet with Kurdish leader Massoud al-Barzani. Kurds feel Mr. Maliki betrayed them by taking a harder line against Kurdish territorial claims in the north.

A spokeswoman for Mr. Allawi's list said the meetings are part of talks "to form a government that is capable of serving Iraqis in every way."

"If Allawi can agree on an alliance with the Kurds and Hakim, then forget it. ... Maliki has no chance," said a Western diplomat in Baghdad.

Many of the top Sunnis on Mr. Allawi's slate are fiercely opposed to Kurdish territorial claims in the contested oil-rich city of Kirkuk and elsewhere. But Mr. Allawi has strong ties to the Kurds, and Kurdish politicians said they haven't ruled out a coalition with Mr. Allawi.

The Western diplomat said the Kurds may agree to ally with their most outspoken opponents because they want to resolve outstanding disputes before the U.S. withdraws troops at the end of 2011. They may be better-placed for a favorable resolution with their Sunni Arab opponents as political allies than as political enemies, the diplomat said.

On Tuesday, a top Sunni politician on Mr. Allawi's list, Vice President Tareq al-Hashemi, met with Ammar al-Hakim, the leader of the Islamic Supreme Council in Iraq, or ISCI, the Iran-backed Shiite party, who has said publicly in the past that it won't support another term for Mr. Maliki.

Mr. Allawi also has extended an olive branch to followers of Muqtada al-Sadr, another powerful Shiite leader opposed to Mr. Maliki. In the run-up to Sunday's vote, Mr. Allawi publicly denounced the arrests of Sadr followers by the government.

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The Bailout of the Century

Bank bailouts rushed through in the heady panic of the financial crisis are coming under scrutiny the world over, from Capitol Hill to Downing Street. But few countries have seen political fallout quite like Indonesia, which saw riots outside parliament earlier this month over the government seizure of a hopelessly undercapitalized bank in November 2008.

Bank Century, as it was then known, was at the time the 13th largest bank in Indonesia. It had been a problem child since its inception—a recent state audit found irregularities in the very creation of the bank in 2004—and under special supervision by the Bank of Indonesia, its regulator, for years. But nevertheless when the bank reported a negative capital adequacy ratio on Nov. 20, the government decided emergency measures were called for. The bank was seized and placed under the care of Indonesia's FDIC equivalent, which has up to five years to nurse the bank back to health and sell it. The bank's shareholders and owners got nothing.

At the time it seemed imperative: Although Indonesia was less affected by the crisis than some of its neighbors, foreign investment was starting to pull out and regulators were terrified of a repeat of the 1997 financial crisis, when the Bank of Indonesia's decision to shutter 16 banks set off bank runs around the country. As liquidity froze up after the collapse of Lehman brother, banks around the world were getting bailed out by nervous governments.

> Indonesia's reformers get a raw deal.

But the bailout quickly turned rotten. A few days after Bank Century was seized, one of the bank's co-founders, Robert Tantular, was arrested on charges of fraud. He was later found guilty of issuing fake letters of credit and sentenced to five years in prison and a fine of 50 billion rupiah. Two other co-owners fled the country.

As with most bailouts, the cost also turned out to be more than expected, feeding a populist fury. The latest total is 6.76 trillion rupiah ($737 million), nearly 10 times original estimates. But the real cost is political. Members of parliament piled on to the investigations already underway with their own special inquiry, which concluded earlier this month. Parliament promptly held a vote on whether the bailout was warranted, and the result was a resounding vote of no confidence.

The irony here is that the seizure of the bank itself was actually a good faith effort to avoid moral hazard: The shareholders and owners got nothing, and the government will recoup some of its losses once the bank is sold. (The bank is now turning a profit.) A few months after the bank was seized, the Bank of Indonesia had no qualms about shutting down another small outfit, Bank IFI (no pun intended), sending a clear signal that the bailout era was over.

Nonetheless, the Bank Century case has become a lightning rod for all those who would attack the government of President Susilo Bambang Yudhoyono. A particular target is Finance Minister Sri Mulyani Indrawati, a stalwart economics doctorate whose low tolerance for corruption has earned her some powerful enemies. Also on the stand is Vice President Boediono, who was governor of the Bank of Indonesia at the time of the bailout.

President Yudhoyono has stood behind them more or less, wading in last week with a speech in which he took responsibility for the Bank Century bailout and said he supported his deputies. But it remains to be seen whether his administration will recover from having two of its most prominent officials dragged through the mud. Although Mr. Yudhoyono won re-election with 61% of the vote in July, his party's weakness in parliament (where it holds around 20% of seats) has made him an extremely cautious leader so far, and the fallout from Bank Century may only exacerbate that.

The best thing for Mr. Yudhoyono to do now is to pick up the pieces and forge ahead. If there's a silver lining here, it's that the president has finally been forced to stand up publicly for his more reformist ministers. There's a lot his administration could do to help Indonesia's economy, which grew at 4.5% in 2009: Liberalize the labor laws, for example, or work on making the court system more independent. Corruption continues to be a major deterrent for foreign investment, and Indonesia ranks 111th out of 180 countries on Transparency International's corruption perceptions index.

Now that Mr. Yudhoyono has shown his colors, it's time to get to work. If the president allows the Bank Century case to undermine his mandate for reform, that would be the greatest loss of all.

Grovelling With Gadhafi

President Barack Obama's world apology tour is now the stuff of legend, but even his critics probably didn't expect this week's footnote involving Libya's Moammar Gadhafi.

P.J. Crowley, the State Department spokesman and earthy veteran of the Clinton White House, said this on Tuesday: "I understand my personal comments were perceived as a personal attack on the President [of Libya]. . . . These comments do not reflect U.S. policy and were not intended to offend. I apologize. . . . I regret that my comments have become an obstacle to further progress in our bilateral relations."

That's what they call the full kowtow in Beijing, so what terrible offense had Mr. Crowley given? Let's roll the transcript. Asked in late February about Colonel Gadhafi's declaration of "a jihad" against Switzerland, Mr. Crowley mused that the comment reminded him of the Libyan's infamously long speech to the U.N. General Assembly last year. "Lots of words and lots of paper flying all over the place and not necessarily a lot of sense," he said.

That sounds overgenerous. The colonel's fury at the Swiss dates to the 2008 arrest of his son Hannibal for abusing domestic employees. The charges were dropped, but Libya retaliated by arresting two Swiss citizens in Libya on visa charges. One remains in jail. The Swiss banned the country's leaders from travelling into Europe's Schengen zone of 25 countries, including Switzerland. Mr. Gadhafi then called for a "jihad" against the Swiss.

The Libyans were officially "indignant" over Mr. Crowley's supposed slight against their dear leader, and U.S. oil firms were told to forget about winning any business. The Libyans also "clarified" that by "jihad" Mr. Gadhafi meant economic sanctions against Switzerland, not terrorism.

At first, State refused to back down and said that "the call for jihad against any country or person could cause damage and this is not something that the United States does not take lightly." The principled stand lasted less than two weeks, before Mr. Crowley ate his crow for speaking the truth about a silly if ruthless dictator in north Africa.

Libya's General People's Committee for Foreign Liaison and International Cooperation yesterday issued a statement that Libya "accepts the apology and strong regret." It's good to know that if the U.S. abases itself enough, Col. Gadhafi is willing to forgive.

An Energy Head Fake

President Barack Obama used his January State of the Union speech to promise "a new generation of safe, clean nuclear power plants" and "new offshore areas for oil and gas development." Judging by its recent decisions, we'd say his Cabinet hasn't received the memo.

Congress's ban on offshore drilling expired in September 2008, and a Bush Administration plan for leasing the energy-rich Outer Continental Shelf was due to begin this year. Yet within a month of taking office, Interior Secretary Ken Salazar halted leasing by extending the public comment period by six months. When that period ended last September, Interior said it would take "several weeks" to analyze the results. It has yet to release a summary.

Newt Gingrich's American Solutions group used the Freedom of Information Act to obtain Interior emails suggesting that the public comments ran 2-to-1 in favor of drilling. Instead of acknowledging this, Mr. Salazar last week informed Congress he was scrapping the Bush plan and that leasing will not begin for *at least* another two years.

> The Administration is still hostile to oil drilling and nuclear power.

The Administration failed to meet a deadline last month for submitting a court-ordered analysis of the environmental impact of new leases off the Alaskan coast. And in January, Mr. Salazar rebuffed Virginia's request—endorsed by its governor and legislature—to allow drilling offshore. Sensing a pattern?

Onshore, meanwhile, Interior canceled oil and gas leases on 77 parcels of federal land in Utah (a handful have since been reinstated). Mr. Salazar also yanked eight parcels from a lease sale in Wyoming. Several weeks ago a leaked Interior Department memo disclosed plans to have Mr. Obama use executive power—under the Antiquities Act—to designate 10 million acres of western land as "monuments," putting them off-limits to energy development.

As for nuclear power, Mr. Obama has promised an $8.3 billion loan guarantee to build two nuclear reactors in Georgia. However, Mike Morris, the CEO of American Electric Power, explained at a recent Wall Street Journal energy conference that while loan guarantees were a "nice thing," they were meaningless without regulatory certainty.

Only five of 50 states have what Mr. Morris calls nuclear-friendly "enabling" legislation that might convince corporate boards to commit capital to a long-term project. The federal Nuclear Regulatory Commission, despite adopting a streamlined licensing process in 2005, hasn't issued key rules.

The Administration also sent mixed signals last week by putting the kibosh on Yucca Mountain for nuclear waste disposal. Energy Secretary Steven Chu has convened yet another "blue ribbon" panel on nuclear waste, which will probably have the half-life of uranium. Companies are already suing the feds for failing to meet legal obligations to collect waste, and the end of Yucca is one more reason for utilities to avoid making large capital bets amid uncertain government policy.

The President says he wants new supplies of home-grown energy, but the government's actions suggest continuing hostility to oil drilling and nuclear power. GOP Senator Lindsey Graham of South Carolina has been promoting a deal in which Republicans would endorse cap and trade in return for Democrats agreeing to more oil drilling and more nuclear plants. He appears to be selling a bridge to nowhere.

OPINION

Intolerant India

By Salil Tripathi

Indians boast of living in the world's most populous democracy, and rightly so. Regular elections and vigorous public debate are a rebuke to anyone who thinks that liberty can't flourish in a large, largely poor, culturally and linguistically diverse country. But in one area of life officials' concerns for keeping peace between various religious and ethnic groups is threatening a core freedom: speech.

In a little-noticed case on Feb. 26, police in the southern state of Andhra Pradesh arrested Macha Laxmaiah, an author who writes using the pseudonym Krantikar ("revolutionary"), and his distributors, including Innaiah Narisetti, president of the Hyderabad-based nonprofit Center for Inquiry, for "hurting the sentiments of Muslims." Their alleged crime? The distribution of "Crescent Over the World," a book including contributions from Salman Rushdie, Bangladeshi author Taslima Nasreen, and a cartoon from the Danish newspaper Jyllands-Posten. Mr. Narisetti is out on bail now; Mr. Laxmaiah remains in custody.

Then there are the continuing attacks on Ms. Nasreen and her supporters. Last week, masked men broke into the offices of Kannada Prabha, a local-language newspaper in the southern state of Karnataka. Its weekly magazine had published a piece allegedly written by Ms. Nasreen that criticized the burqa, the veil that many Muslim women wear. Muslim groups had protested the article—which was three years old and republished by the Kannada newspaper without her permission—and violence in two towns ensued, leading to two deaths and dozens arrested. Ms. Nasreen, who fled Bangladesh in 1994 after Muslim fundamentalists threatened her life, currently divides her time between Sweden and the United States, but says she wants to live in India. The government stands in the way, not permitting her to stay in Kolkata, where she prefers to live, and keeping her at an undisclosed location in New Delhi under security surveillance during her last extended stay in the country ostensibly for her own safety.

The sensitivity doesn't just concern Islam. Last week, India's foremost painter, Maqbool Fida Husain, who is 94, decided to give up Indian nationality and became a Qatari citizen. Mr. Husain is a Muslim, and among the many themes he has painted are a few paintings of Hindu deities in the nude. These works were completed and first displayed decades ago, but since the mid-1990s Hindu nationalists have campaigned against him, saying his work insulted their faith. They attacked galleries exhibiting his works, threatened him with violence, and filed lawsuits against him. The state attached some of his property and police officers issued arrest warrants against him, even as the Delhi High Court (and later the Supreme Court) ruled in his favor and officials publicly praised him. Unwilling to trust the state to protect him, Mr. Husain, who has lived abroad much of the past decade, gave up his nationality.

Getty Images

The works of Maqbool Fida Husain have been attacked by Hindu nationalists.

Meanwhile, India's elite literary academy, known as Sahitya Akademi, chose Yarlagadda Lakshmi Prasad's Telugu-language novel, "Draupadi," for an award recently. A clutch of Hindu activists protested, saying the novel depicts Draupadi, a character from the epic poem "Mahabharata," in an indecent way. In February at a function where Mr. Prasad was being feted, Hindu activists jumped on the stage, throwing shoes and other objects at him. In response to a complaint by a Hindu group, the state's human-rights commission asked the Akademi to halt the award and asked why the book was being honored.

These are all victories for competitive intolerance. Fearful of sectarian violence, India's local governments are increasingly stopping artists, writers or researchers from practicing their crafts. Instead of making it harder for the fundamentalists to take the law into their hands, India silences those who push the boundaries of public debate to preserve harmony. India used to be a more tolerant place, but following the ban on Mr. Rushdie's novel "The Satanic Verses" in 1988 following Muslim protests, other groups have become bolder in demanding restrictions on books, films and art they don't like. The frequency of such protests has increased.

The Congress Party-led government could start to remedy these ills by revisiting India's byzantine legal restrictions on speech. The Constitution guarantees freedom of speech and expression, but the state can place "reasonable restrictions. . . in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency, or morality, or in relation to contempt of court, defamation, or incitement to an offence." The normal penal code makes it a criminal act to "outrage religious feelings" with malicious intent, and outlaws "promoting enmity between different groups . . . and doing acts prejudicial to maintenance of harmony." The law dates back to 1860, established by the British colonial authorities.

Despite these serious problems, India by and large isn't an intolerant place today. But as other democracies have found, small restrictions on free speech can often mushroom into bigger threats to civil liberties. The only Indian to win the Nobel Prize for Literature, Rabindranath Tagore, wrote a poem before independence from Britain, in which he dreamed of an India "where the mind is without fear." He would be disappointed by the trends evident today.

Mr. Tripathi, a writer based in London, is the author of "Offense: The Hindu Case" (Seagull, 2009).

Pacquiao's Final Fight?

By Gordon Marino

Fort Lauderdale, Fla.

After Manny Pacquiao's dramatic stoppage of Miguel Cotto in November 2009, the scribes of the sweet science proclaimed that boxing had peeled itself off the canvas. Once again, there was a boxer who, like Mike Tyson and Oscar De La Hoya, could command the interest of the general sports fan.

Soon after the Filipino sensation's victory over Mr. Cotto, the public was clamoring to see Mr. Pacquiao (50-3-2, 38 knockouts) and the undefeated, recently unretired Floyd Mayweather Jr. (40-0, 25 knockouts) battle for the unofficial title of best pound-for-pound pugilist on the planet. But boxing has a knack of clobbering itself on the chin.

A couple of months ago, Messrs. Mayweather and Pacquiao were poised to ink contracts when Mr. Mayweather insisted on Olympic-style drug testing. Mr. Pacquiao took umbrage and sued Mr. Mayweather and his promoters for defamation of character. When attempts at mediation failed, the two welterweight giants stomped away from what could have been the biggest payday in boxing history.

Still, Mr. Pacquiao, who has garnered titles in a record seven different weight divisions, was intent on fighting in March, as he is set to begin campaigning for Congress in the Philippines in April. Instead of facing Mr. Mayweather, Mr. Pacquiao will be tapping gloves with Joshua Clottey (35-3, 21 knockouts), the No. 1 welterweight contender from Ghana. The fight, which has already sold more than 38,000 tickets, will take place on Saturday at the new Cowboys Stadium in Arlington, Texas.

Mr. Clottey, who now in lives in New York, began boxing on the streets at age 6 in his hometown of Accra, Ghana. He made it to the quarterfinals of the Commonwealth Games in 1994 and turned professional in 1995. A broad-shouldered man with an endearing smile and laid-back body language, Mr. Clottey is a rugged and highly competent combatant who has the respect of his peers and the boxing press. But the 32-year-old former world champion has yet to win a mega pay-per-view fight. He came close in June 2009, losing a split decision to Mr. Cotto. Many observers believed that Mr. Clottey should have had his hand raised after that bloody 12-round contest, but virtually everyone agreed that he would have won the fight had he brawled with less caution.

After a brisk workout at his Florida gym, the soft-spoken Mr. Clottey gushed: "This fight is a dream come true, I can hardly believe it. I'm so excited. Right now, Manny is the best of the best. He is the man. I know that I can beat him, but I have to fight the whole time. I have to keep busy. But unlike some of the other guys that he has fought, I will not underestimate his power. One punch from him can take you out. So I also have to stay calm and think in there as well as fight." While reasonable enough, that note of caution would land like a punch on elements of Mr. Clottey's boxing braintrust.

The boxing star gets ready to run for Congress in the Philippines.

In this pivotal contest, Mr. Clottey will be without his trainer, Godwin Dzanie Kotey, who could not get a visa to come to the U.S. Mr. Clottey's veteran cutman, Lenny De Jesus, will work the corner instead and told me: "You have to take risks in there to be a great champion, and that is what Joshua has to learn to do in this fight. I used to work with Manny, and he is not afraid of losing."

While the elite of the elite in boxing have very special powers of concentration and reservoirs of motivation, Mr. Clottey, for all his virtues, has yet to show that he can hit the internal switch, turn his tempo up a notch, and take over a close fight.

Mr. Clottey is quick, coordinated, strong and gritty. While not an overpowering puncher, his blows are fast, direct and flinty. He boasts a solid straight right, which he likes to chase with a left hook to the body. The combination of right uppercut and left hook is also essential to his slugging syntax. Watching Mr. Clottey work out, one gets the impression that his camp believes their man needs to make the Pac Man pay for his hyperaggressive tendencies with hooks to the body.

Freddie Roach, Mr. Pacquiao's famous trainer, assessed his antagonist: "Clottey is a big welterweight [5 feet 8 inches, compared with 5 feet 6½ inches for Mr. Pacquiao]. He is a great fighter. He has good skills. He has some power. He can take a punch. But I have watched a lot of films of him and he is not versatile. He does not move his head. He is easy to hit." For weeks now, Mr. Roach has been saying that "Manny will be the first one to knock Joshua out."

For his part, Mr. Pacquiao says: "The victory is always the most important thing to me. If I get a knockout, it's a bonus. But a knockout has never been a goal for me for any fight." But then he adds, "Freddie has his own opinion on the outcome of the fight with Clottey, and I will try not to disappoint him."

The diminutive dynamo with the impish smile unleashes hellfire in the ring. He seems to delight in the utter destruction of the opponent whom he will hug and praise after the fight.

Mr. Pacquiao, recently voted the Fighter of the Decade by the Boxing Writers Association of America, is still improving. In boxing, he who is not busy learning will soon be busy losing. When I asked Mr. Pacquiao what lessons he was working on for this fight, his maestro, Mr. Roach, was quick to answer for him: "Manny has to stay off the ropes and continue to work from his strengths—and that is throwing punches from different angles and to keep moving. . . Manny's speed is the key to winning any fight. People think I mean the speed of his hands, but what I really mean is the speed of Manny's feet. He has the best footwork in the game."

Mr. Roach, who has Parkinson's probably brought on by too many bouts during his own boxing days, warned that this might be the last time we see his champion in the ring, especially if Mr. Pacquiao wins a seat in Congress. His stellar charge has had a long, tough career. And if Mr. Pacquiao wins and Mr. Mayweather does not quickly agree to terms, Mr. Roach says, "there will be nothing left for Manny to prove." There will only be bales of money.

Mr. Marino writes about boxing for the Journal.

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IN DEPTH

Arrests force Taliban flight, hindering the insurgency

Afghan chiefs in Pakistan disperse to cities after detentions of top leaders; they remain potent foes against coalition efforts

By Matthew Rosenberg
Kabul

The Afghan Taliban's leadership has spread out to cities across Pakistan in an effort to evade capture that is also making it harder for them to organize.

The dispersion of Taliban leaders, a response to Pakistan's recent arrests of senior militants there, is slowing the group's process of replacing its operations chief and effective No. 2, Mullah Abdul Ghani Baradar, say militants and tribal elders with ties to the insurgents.

Mullah Baradar was arrested in late January, and at least three other major Taliban figures have since been picked up, along with a handful of second-tier leaders, U.S. and Pakistani officials say.

The Afghan militants and the affiliated Pakistan Taliban have also faced major territorial setbacks from military offensives on both sides of the border over the past six months.

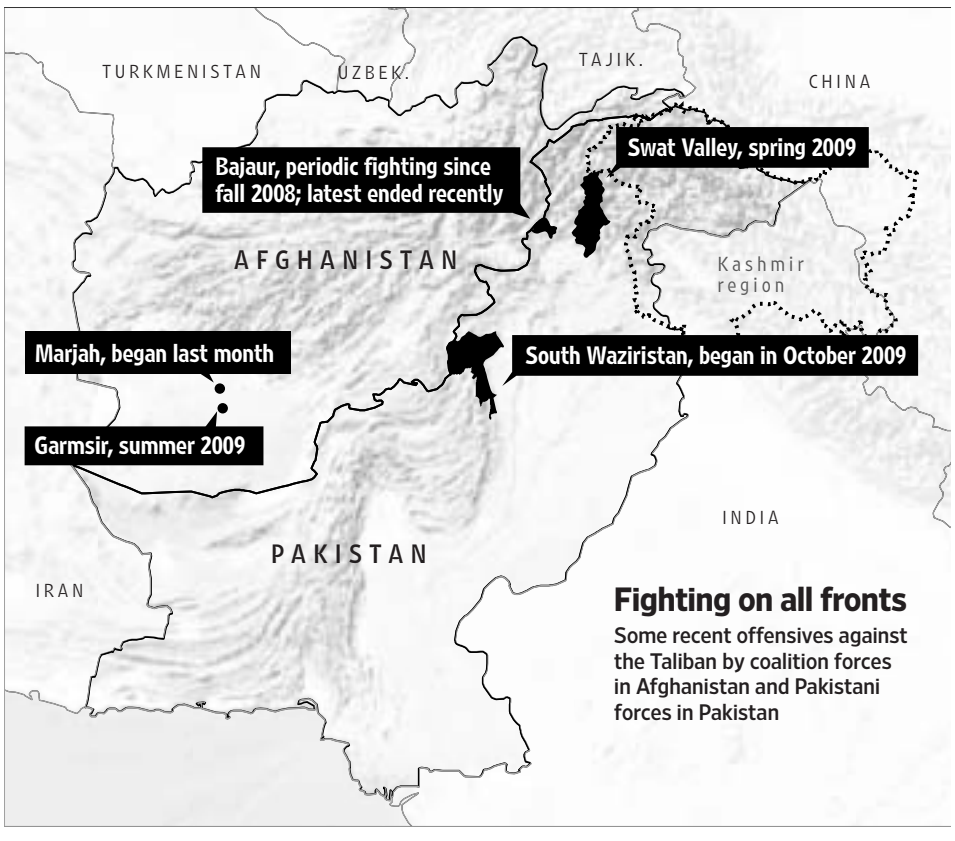
Yet they remain potent forces, as evidenced by car bombings in both countries over the past two weeks.

The Taliban is a highly decentralized movement; even without top commanders, fighters can skirmish, launch hit-and-run ambushes and bury improvised bombs along dirt roads—tactics that have often stymied vastly superior military forces.

But the leadership vacuum, says a senior North Atlantic Treaty Organization officer, should hamper the militants' ability to fight off major offensives, like the planned coalition move later this year to reassert control over Kandahar, the Taliban's spiritual and strategic heartland in southern Afghanistan.

Xinhua/Sipa Press

Pakistani security forces patrol the Bajaur tribal region March 2.



"Foot soldiers will only be able to follow their last order," the officer said.

"Their ability to conduct cohesive and coordinated operations—the more organized and strategic stuff—will be significantly deteriorated," he said.

Pakistan has been vague about the identities of most of the people it is holding. Authorities acknowledge arresting Mullah Baradar, the highest Taliban figure ever detained. Pakistani and U.S. officials say among the most likely candidates to succeed him is Abdullah Gulam Rasoul, better known as Mullah Zakir, a former Guantanamo Bay detainee sent back to Afghanistan and released by authorities there in 2007 under murky circumstances.

Mullah Zakir has since his release emerged as the Taliban's top military commander in southern Afghanistan, where the U.S.-led coalition is now focusing its surge strategy.

But U.S. officials believe he spends most of his time in Pakistan, scared away from southern Afghanistan by stepped-up efforts by coalition special operations forces and Afghan intelligence that have led to the killing or capture of more than a half dozen Taliban field commanders.

A Pakistani intelligence official said "we're seeing and hearing a lot of confusion" in the Taliban's top ranks. "I don't think they are clear on the lines of authority right now."

He said his assessment was based on human intelligence and communications intercepts. It was backed up by former and current militants and tribal elders with ties to the Taliban.

"The shuras are totally split apart these days," said Izmat Ali Khan, a former militant who retains ties to his onetime compatriots. Shura is the common Pashto term for a leadership council.

The Afghan Taliban's executive board, led by Mullah Muhammad Omar, is known as the Quetta Shura for the city in southwestern Pakistan where it is believed to have been based for a large part of the last nine years. The exact number and identities of people on the Quetta Shura is a closely guarded secret; at least three of the people arrested recently were believed to have been on the shura, say U.S. officials and experts.

There are also subordinate shuras that oversee specific elements of the Taliban's operations. There is a military shura, a finance shura, a cultural affairs shura and a political shura, among others. Many Afghan Taliban leaders sit on multiple shuras.

Taliban leaders began drifting away from Quetta in large numbers in the second half of 2009 amid reports the U.S. wanted to expand its campaign of missile strikes by drone aircraft beyond the narrow ribbon of tribal areas that run along Pakistan's northwestern border with Afghanistan, said a Pakistan intelligence official. Pakistan has so far resisted American pressure to widen the campaign's geographic scope.

But the recent arrests have accelerated the Taliban leadership's move from Quetta. Most shura members are believed to now live in the vast ethnic Pashtun neighborhoods of Karachi, a teeming Arabian Sea port of about 16 million people, and in and around Multan, in central Pakistan, where allied jihadis are believed to be providing refuge.

Mullah Baradar was captured in Karachi in late January in a joint operation between Pakistan's Inter-Services Intelligence agency and the Central Intelligence Agency.

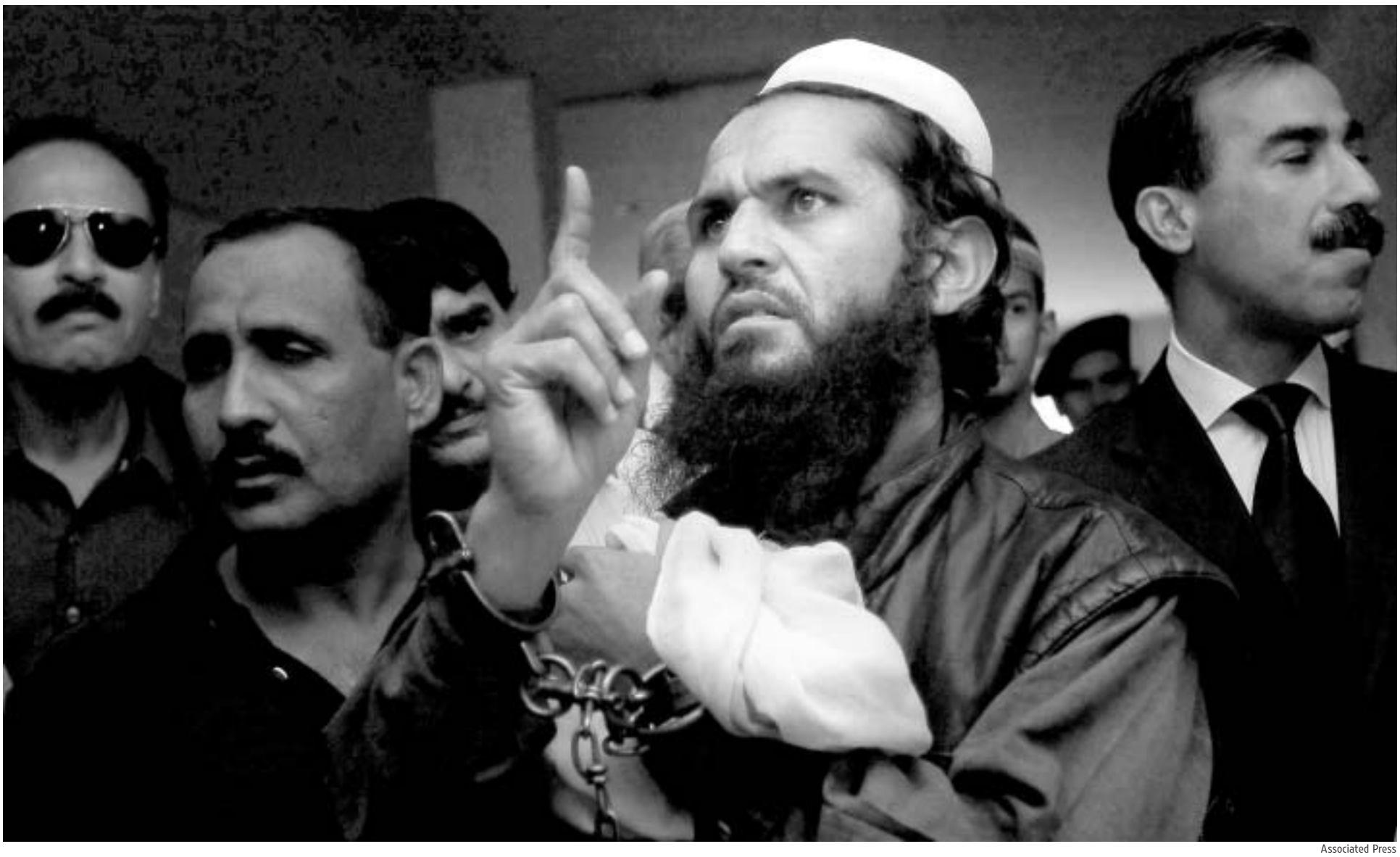
Even though many leaders are believed to still live near one another, fear of arrest keeps them from meeting face-to-face in large groups, say people with ties to the militants.

"You can't see more than three guys sitting together," said Gul Khan, a tribal elder in northwestern Pakistan with ties to the Haqqani network, a Taliban ally and pillar of the Afghan insurgency.

Some have simply dropped out of sight, cutting off contact with most colleagues, officials say.

That appears to be the case with Amanullah Mehsud, a Taliban commander who serves as the liaison between the Afghan and Pakistan Taliban. He disappeared in Karachi in late February, according to relatives and Taliban members. They say they believe he has been arrested. Pakistani officials say they aren't holding him.

Leaders of the Pakistan Taliban, formally



Associated Press

Abdullah, an alleged midlevel Taliban commander, appears in a Karachi court last month, one in a series of recent arrests of midlevel Pakistani and Afghan Taliban commanders. While Islamabad has increasingly seen Pakistani Taliban as a major threat, arrests of Afghan Taliban represent a significant shift for the Pakistani government.

known as the Tehrik-e-Taliban Pakistan, also began moving to Karachi and central areas late last year after the Pakistani military invaded South Waziristan, a militant stronghold.

"We are always on the lookout for them. We know some are here," said Collin Kamran Dost, the special home secretary for Sindh province, where Karachi is located.

For U.S. officials, the major question now is what other moves, if any, Pakistan plans to make against militants hiding on its territory.

U.S. officials have long alleged that elements of Pakistan's military and the ISI aid the Taliban, seeing it as useful proxy to combat the influence of archrival India in Afghanistan after an eventual American withdrawal from the region.

Pakistan's sudden willingness to arrest the likes of Mullah Baradar surprised the American officials. Pakistani officials offered no public explanations for their apparent reversal.

U.S. officials say they believe Pakistan, impressed by allied gains in Afghanistan, is now looking to hedge in a new direction.

"We're not winning yet," said the senior NATO officer. "We're making progress. The more we make, the more maybe we'll see help on that side," said the officer, speaking in the southern Afghanistan town of Marjah, the sight of the largest coalition offensive since 2001.

Such optimism is tempered by evidence the Taliban and their allies retain the ability to strike deep inside both Afghanistan and Pakistan.

On Wednesday, six Pakistanis working for the U.S. charity World Vision were killed when a dozen suspected militants lobbed hand grenades into their offices and then entered and opened fire, officials said. The charity confirmed the deaths and said it was suspending operations.

Still, a Pakistani general cited his military's recent success against the Pakistan Taliban in the Bajaur tribal region as an example of "how we are punishing these miscreants."

That may be the case. But Pakistan has twice in the past year declared victory in Bajaur, and U.S.-led forces have repeatedly cleared areas in Afghanistan only to see the Taliban return.

The U.S. and its Pakistani allies "are only boastful when they are winning," said Mr. Khan, the former militant.

—Tom Wright, Rehmat Mehsud and Arif Afzalzada contributed to this article.

Administrator of Marjah did prison time in Germany

By David Crawford

A key U.S. ally in Afghanistan spent four years in a German prison for attempted second-degree murder, according to information confirmed by a German court official Wednesday.

Abdul Zahir, the new administrator of Marjah, Afghanistan, was sentenced to a term of four years and nine months in 1998 for stabbing his stepson twice with a knife, according to Axel Kreutz, a spokesman for the Offenbach prosecutor's office. Mr. Kreutz said Mr. Zahir was convicted of stabbing one of his stepsons with the intention of killing him.

Mr. Zahir denied reports of his prison term last week. He couldn't be reached to comment on Wednesday's disclosures. His lawyer in the case didn't respond to a request to comment.

The confirmation of the conviction highlights the difficulty faced by Western officials in vetting their Afghan partners.

From the outset of the February offensive in Marjah—in which thousands of U.S. Marines and Afghan soldiers pushed the Taliban from the town—coalition officials have stressed that their ultimate aim was to restore the government's authority in the area, not simply to batter the insurgents. Mr. Zahir, installed by the Afghan government in the fighting's aftermath, is key to that effort.

Some Western diplomats and North Atlantic Treaty Organization officials initially expressed unease about working with Mr. Zahir. But since the allegations became public, coalition officials have repeatedly said they will respect the decision of the Afghan government on whether to keep Mr. Zahir, and Afghan officials have indicated they plan to do so for now.

A Pentagon spokesman declined to comment on Wednesday's revelations. "It's for the governor of Helmand to decide upon the district appointments," said a British diplomat involved in Afghan policy.

"We still don't know how much of these allegations are true, and I can't say anything about it right now," said a spokesman for Gov. Gulab Mangal of Helmand province, where Marjah is located. Gov. Mangal is Mr. Zahir's boss.

Mr. Zahir, now 59 years old, applied for political asylum in Germany on Dec. 23, 1989, the day he first arrived at Frankfurt Airport, Mr. Kreutz said, confirming an account Mr. Zahir provided to The Wall Street Journal.

The incident began on Dec. 15, 1997, in an argument between Mr. Zahir and one of his two wives, Mr. Kreutz said. The wife's son intervened first by telephone on behalf of his mother, according to Mr. Kreutz, citing the verdict.

Associated Press

Abdul Zahir new civilian chief in Marjah, talks to media in Marjah, Afghanistan, on March 7.

Mr. Zahir then ran to another building where he confronted his stepson, who was about 18 years old.

The argument escalated and Mr. Zahir drew an 8-inch knife and stabbed his stepson twice. The blade of the knife sliced part of the stepson's liver. The force of the stab was so great that the hilt of the knife broke off from the blade, Mr. Kreutz said. Family members rushed to the stepson's aid, and emergency treatment saved him, Mr. Kreutz said.

Mr. Zahir fled. Police arrested him in January when he attempted to cross the border to Poland, and he held in detention through his trial.

Mr. Kreutz said Mr. Zahir admitted stabbing his stepson, but in a statement to the court claimed the stabbing was justified because his stepson had failed to show him his due respect.

In its verdict, the court credited Mr. Zahir for admitting the circumstances of the stabbing, but added to the sentence because Mr. Zahir never apologized for the attack. Mr. Zahir didn't appeal the conviction when it was announced on Nov. 2, 1998.

Mr. Zahir was released from prison on Jan. 10, 2002. He left Germany for Pakistan voluntarily in August 2003, Mr. Kreutz said.

—Matthew Rosenberg, Michael M. Phillips and Peter Spiegel contributed to this article.

FROM PAGE ONE

Theft of Swiss data hits HSBC clients

Continued from first page
sues in Switzerland.

The HSBC situation also reflects a recent twist in the debate, involving the potential willingness of governments to pay for or use stolen data as a way of identifying tax cheats. The HSBC situation involves a case in which Mr. Falciani apparently tried and failed to market the stolen data to several governments.

Officials at the French Budget Ministry didn't return calls seeking comment. A French and a Swiss lawyers for Mr. Falciani also didn't return calls.

But Germany recently said it was willing to pay a reward to a bank employee looking to sell stolen Swiss bank data. A German Finance Ministry spokesman said several sets of data have been offered in recent weeks and at least one data set has been purchased.

The Swiss government has denounced the practice of foreign governments' buying or using stolen bank data, saying it would not cooperate with any tax-evasion investigations arising from such information.

However, the news of the stolen data has provided a new catalyst for foreign clients to close their offshore bank accounts in Switzerland and bring the money home, say bankers. On Thursday, HSBC said clients of its Swiss private bank withdrew a net 4.1 billion Swiss francs ($3.8 billion) last year, although officials said the outflow was not due to the Falciani affair.

European PressPhoto Agency

The HSBC Bank in Geneva. HSBC said a former employee stole data on accounts in its Swiss private bank. The data wound up in the hands of French authorities.

According to HSBC, Mr. Falciani stole the data between late 2006 and early 2007, absconding with information on 15,000 existing clients who had accounts with the bank in Switzerland before October 2006. He also stole data on a further 9,000 accounts that have subsequently been closed.

Mr. Falciani, a computer-information technician who had access to large amounts of banking data, was working on a project to migrate client records to a new system when he began copying records onto his own storage devices, according to HSBC's account. HSBC has a total of about 100,000 private-banking clients globally.

In spring 2008, he allegedly approached various foreign authorities and tried to get them interested in the data, according to HSBC. Swiss police received a tip on his activities that summer. In December that year, the bank fired him, prompting him to flee to a home he owned in the south of France. Once there, he tried to interest French authorities in the data, as well, according to a French official.

After pleas from Swiss judicial authorities, French police raided Mr. Falciani's home in 2009. Last summer, the French government claimed publicly that it held data on Swiss bank accounts of French tax dodgers, without specifying the source. Following reports that the data were stolen, Swiss authorities protested against the French government using the information and demanded the return of the records.

In January, French authorities returned the data to the Swiss federal prosecutor after making copies. Last month, Paris agreed not to use the data to demand official assistance from the Swiss to chase French tax dodgers whose names appear among the records, but did not exclude using it in France. Moreover, French authorities could still hand over the data to other governments whose citizens are included among the records but pledged to keep the Swiss informed of any such requests. A person familiar with the situation says that French citizens make up the minority of names.

Before French officials confiscated the data, Mr. Falciani had tried to sell the data to other governments, according to a person familiar with the situation.

HSBC has filed a criminal complaint in Switzerland against Mr. Falciani and an investigation is under way. Alexandre Zeller, CEO of HSBC's Swiss private bank, apologized Thursday for the breach of client confidentiality and pledged to spend more than 100 million Swiss francs to upgrade security.

Swiss regulator FINMA said on Thursday it was investigating the theft and whether HSBC has taken adequate measure to prevent such a breach again. The Swiss Finance Ministry had no comment.

—David Crawford contributed to this article.

China's struggling young workers draw concerns

Continued from first page
cally increased enrollment without adjusting the curriculum to provide students with more marketable skills.

Officials have acknowledged problems. Premier Wen Jiabao, in his annual work report that kicked off the National People's Congress last week, pledged to adjust university curriculums to "meet employment needs and the needs of economic and social development." He also announced plans to spend more than $6 billion this year to stimulate employment, with an emphasis on helping recent college graduates.

The term "ant tribe" was coined by Lian Si, a professor at the University of International Business and Economics in Beijing. In a survey he took of 600 Beijing-area graduates between 2007 and 2009, Mr. Lian found their average monthly income was the equivalent of $300.

"The life of these college graduates is pretty tough," Mr. Lian said. "And what's worse, behind them, there are more than a million Chinese families" who sent their children to college hoping they'd make it in the big cities.

Xinhua/ZUMApress.com

College graduates wait for job interviews in Beijing at a female-graduate-only job fair earlier this month.

One of the places where the young people congregate is Xiaoyuehe, a crumbling one-street village on the north end of Beijing. On one side is a small canal and the other a crazy quilt of dorm-like rooms, cheap restaurants and muddy paths. Several thousand migrants live there, many of whom are college graduates from across China.

One is Zhao Lei, a 24-year-old computer science major who graduated in 2008 from Beijing Jiaotong University. Mr. Zhao shares a 12-square-meter room with five others. "For most of us who live here, we choose to live here as we have no alternatives," Mr. Zhao said. "This is a place we could afford with our meager income when we first step into society."

Mr. Zhao said it's good to know that the "ant tribe" that he belongs to finally has caught attention from society, but he also says that what they need isn't discussion but "real help that won't cause our dreams to be shattered by cruel reality."

Mr. Lian, the professor, estimates that there are more than 100,000 college graduates living in different "settlement villages" on the periphery of Beijing. The number has grown quickly in recent years as more college graduates from rapidly expanding universities around China flocked to big cities like Beijing and Shanghai.

A big portion of the college graduates stuck in the settlement villages on the outskirts of Beijing are from rural China. Those who have jobs are mostly engaged in temporary IT-related work in Zhongguancun, a district of the city sometimes called China's Silicon Valley, or in the services industry.

Local officials say they're trying to improve the situation. Officials in Tangjialing recently rolled out an ambitious plan to renovate the area by investing the equivalent of $600 million to replace the hovels with high-rise apartment buildings that can house 20,000 college graduates.

—Sue Feng and Ian Johnson

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BUSINESS & FINANCE.

Friday - Sunday, March 12 - 14, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Bank of China eschews acquisition

By Dinny McMahon

BEIJING—The chairman of **Bank of China**, one of the country's biggest state-owned lenders, said he wants the bank to grow aggressively overseas but isn't interested in acquisitions, a sign that China's lenders remain wary of investing in foreign financial institutions.

Speaking to a group of reporters Thursday, Xiao Gang said the global financial crisis created new opportunities for Bank of China to bolster its overseas client base.

"Because some foreign banks were feeling the effects of the of the financial crisis, some foreign firms, including Fortune 500 firms, are now doing some of their business with us," said Mr. Xiao, a former central-bank official who became chairman of Bank of China in 2003. He didn't name any of the firms.

As China's foreign-exchange bank, Bank of China is the most exposed to foreign markets of the country's major financial institutions, which also made it more vulnerable to the effects of the financial crisis. Although, compared with Western banks, it breezed through the turbulence, it still took impairment charges of about $2 billion on holdings of mortgage-related securities.

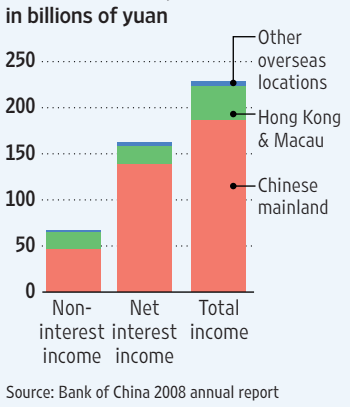
Meanwhile, business at home boomed last year, with new loans totaling 9.69 billion yuan ($1.42 billion), about double the previous year, as the government pushed banks to pour credit into the economy to spark growth. The government has targeted 7.5 billion yuan in new loans this year, still a huge amount relative to historical levels.

Last year's lending binge has resulted in the need for many Chinese lenders to increase their capital to meet regulatory requirements. Bank

Please turn to page 21

Growing abroad

Breakdown of Bank of China income in 2008 by location, in billions of yuan



Source: Bank of China 2008 annual report

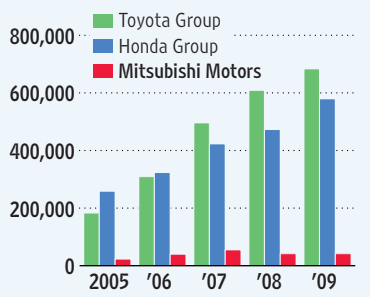
Mitsubishi wary in China

Firm seeks to conserve cash, and is unlikely to raise stake in venture with Guangzhou Auto

By Norihiko Shirouzu

Driving behind

Total light-vehicle sales of selected Japanese auto makers in China



Source: J.D. Power & Associates; European PressPhoto Agency (photo)

BEIJING—**Mitsubishi Motors** Corp., already lagging behind other foreign auto makers in China's huge market, is unlikely to accept an opportunity to increase its stake in one of its two main joint ventures in the country because it wants to preserve its cash, a person familiar with the matter said.

Guangzhou Automobile Group Co., the controlling shareholder in the joint venture, recently approached Mitsubishi with the opportunity to increase the Japanese company's stake in the venture to 32.79% from its current 14.59%, according to the knowledgeable person and another individual familiar with the matter.

The additional stake would be sold to Mitsubishi by another Chinese partner in the venture, **Changfeng Group**, the people said. The increase would give Mitsubishi an equal share in the venture, called Changfeng Motor, to that of Guangzhou Auto, providing Mitsubishi more say in the venture's activities and a larger share of its returns.

But the knowledgeable person said Mitsubishi is unlikely to respond to the offer. While it has substantial funds—the company reported 226.27 billion yen, or about $2.5 billion, as of the end of last year—Mitsubishi is reluctant to deploy that cash given continued global uncertainty, said the individual.

"It's not that Mitsubishi doesn't have the cash to respond, but since the global financial crisis, the company has been preserving cash for rainy days," the person said. Mitsubishi is being "highly selective" about using its cash, and "at this point, it's not going to accept Guangzhou Auto's proposal."

China was the world's fastest-growing major economy last year, and surpassed the U.S. as the world's biggest auto market. A number of foreign auto makers have been expanding quickly in China to meet demand. Mitsubishi, Japan's sixth-largest auto maker by sales, sold 41,739 vehicles in China last year through its two joint ventures and through imports from Japan, almost unchanged from 2008, according to research firm J.D. Power & Associates. By comparison, **Toyota Motor** Corp. sold 700,900 vehicles in China in 2009, up 21% from a year earlier, and other major car makers grew even faster.

Mitsubishi has two vehicle-manufacturing partners in China: Changfeng Motor, based in the central city of Changsha, and **South East Motor** Co., based in the southeastern province of Fujian. Mitsubishi owns 25% of South East Motor. Both ventures are relatively small competitors and, because of its small stakes in them, Mitsubishi hasn't been able to dictate how they run their plants or sales operations.

Jun Hiraoka, head of Mitsubishi's representative office in Beijing, said he has no knowledge of an offer by Guangzhou Auto to let the company increase its stake in Changfeng. Bao Yingying, a public-relations official for Guangzhou Auto, declined to comment. A Changfeng Motor spokesman couldn't be reached.

Mitsubishi reported improved earnings in its most recent fiscal quarter. The maker of Outlander and Pajero sport-utility vehicles posted a net profit of 10.7 billion yen in the October-December period—its first profit in five quarters. A year earlier, the company reported a net loss of 17.54 billion yen.

The knowledgeable individual said Mitsubishi ideally would like to dissolve its current ties with Changfeng Motor and South East Motor and "start anew" in China, building more equal relationships with local partners as global rivals such as **General Motors** Co. and Toyota have done. However, the person said that is unlikely, and that instead Mitsubishi might search for ways to enhance the South East Motor joint venture, making it the main pillar of the Japanese company's China market strategy.

Guangzhou Auto President Zeng Qinghong said this week that cooperation between his company and Mitsubishi in Changfeng Motor is going well. "We believe that if we work hard together with Mitsubishi, it should be a win-win partnership," he said. "We welcome them to increase their stake."

—Patricia Jiayi Ho contributed to this article.

Corporate-bond market springs to life

By Michael Aneiro

Companies are aggressively borrowing in the debt markets once again—a sign of renewed confidence in the world economy following recent fears that struggling European countries could have difficulty financing their budget deficits.

In the U.S., bond sales by companies such as Bank of America Corp. and GMAC Financial Services are on pace to conclude their busiest week since the beginning of the year. In Europe, borrowing by companies in March is already more than 60% of February's totals.

"It tells us that financial liquidity is very much on the rise," said John Lonski, chief economist at Moody's Investors Service. "No longer do corporations suffer from a dearth of liquidity. This puts them in a better position to take advantage of opportunities that arise."

So far this year, U.S. corporations have issued $195.2 billion of debt, excluding government-guaranteed bonds, according to data provider Dealogic, up from $166.8 billion during the same period in 2009.

The resurgence of the corporate-debt markets comes after a shaky February, when several companies were forced to delay their bond sales as worries about Greece's debt problems sent investors fleeing to safer assets such as U.S. Treasurys. In recent days, those concerns have subsided and money is again flowing into corporate-bond funds, giving managers cash to invest.

Risk premiums, the extra interest corporate borrowers pay over U.S. Treasurys, are falling again for corporate bonds. This allows companies to seize the opportunity to borrow cheaply. The raft of sales point to an increase in economic activity as companies can use the money on new business spending, hiring and mergers. That is good news for companies eager to reduce their cost of borrowing and extend the life of their debt.

While the sales are a boon for larger companies, data show their smaller counterparts are still struggling to find funding. Small businesses typically rely on banks for financing. While evidence is growing that loans to small business have become easier to obtain in recent months, a February survey by the National Federation of Independent Businesses showed a net 12% of respondents said loans were harder to come by than in January.

Some 34% reported regular borrowing in February, a slight increase from the previous month but still low by historical standards.

In the U.S., companies have sold $27.7 billion of bonds this week, the third straight week of rising sales.

These offerings compare with a slump to $7.2 billion and $5.4 billion in two weeks of February as the crisis in Greece took hold. At this rate, the week may be the biggest since that of Jan. 4, Dealogic data show.

DirecTV Holdings sold $3 billion in bonds, while Novartis Capital sold $5 billion in a three-part deal, and Bank of America sold $2.5 billion.

The demand also lured cash-strapped municipal borrowers such as the state of California and the city of Detroit. California closed part of its offering early after strong demand from individual investors.

On top of that, Citigroup Inc. found strong demand for its sale of $2 billion of preferred securities.

Foreign borrowers have also taken advantage of lower rates in the U.S., as both the Bank of England and **Royal Bank of Scotland Group** sold $2 billion in five-year notes this week.

The general optimism that prompted gains in the corporate-

Please turn to page 21

U.S. plans new car regulation

Toyota concerns spark calls for Congress to enact tougher rules on 'black boxes,' gas pedals

By Josh Mitchell And Alexandra Berzon

Toyota Motor Corp.'s troubles are raising anxiety in the auto industry that the U.S. Congress will enact a new round of regulations proposed by safety advocates.

U.S. auto-safety regulators are considering new standards for car brakes, accelerator pedals and "black boxes" that record crash data, the Obama administration's top highway-safety official is expected to testify before a U.S. House panel Thursday.

David Strickland, chief of the Department of Transportation's National Highway Traffic Safety Administration, is also expected to say that his agency is considering whether to push for more authority in responding to possible car defects, according to his prepared testimony.

The hearing before a House Energy and Commerce subcommittee is to examine NHTSA's role in tracking defects, and is at least the fourth congressional hearing in recent weeks related to Toyota 's recall of some eight million vehicles world-wide for sudden-acceleration problems.

"We will be looking at smart-pedal technologies, also known as brake-override systems," Mr. Strickland said in his prepared testimony, referring to technology that ensures a car stops when both the brake and accelerator pedals are activated.

"We will assess the need to develop performance standards for accelerator pedals to prevent pedal entrapment. We also plan to undertake work to evaluate the benefits of mandatory event-data recorders in vehicles and we want to take a close look at push-button start and stop technologies," Mr. Strickland added.

Still, about 95% of auto accidents are caused by driver error, according to a 2005 NHTSA study, while only about 2% are caused by problems with the vehicle, according to the study. The report will be cited at Thursday's House subcommittee hearing by Dave McCurdy, president of the **Alliance of Automobile Manufacturers**. He also will tell lawmakers that NHTSA needs additional funding to collect more crash data, and say that the current U.S. regulatory system has resulted in a steady decrease in highway fatalities.

Joan Claybrook, a former administrator of NHTSA and president emeritus of the consumer group Public Citizen, will tell the same subcommittee that car makers view NHTSA "as a lapdog," and will call for tougher penalties on manufacturers that fail to recall defective vehicles, more rigorous safety standards, greater disclosure of the data auto makers submit in defect investigations and more NHTSA funding.

Public records at NHTSA show complaints about speed-control problems with Toyota Motor. vehicles have surged since the car maker announced in September it would recall millions of vehicles to fix floor mats that can pin the gas pedal in an open position.

The recall followed a widely publicized incident of sudden acceleration near San Diego in which a Lexus sedan sped out of control and crashed, killing an off-duty California Highway Patrol officer and three family members. Toyota makes Lexus.

Increases in complaints to NHTSA by car owners are common after auto makers announce plans for recalls because awareness of the problems increases.

On Wednesday, the California Highway Patrol said it stands by the account of a man whose Prius hybrid sped up beyond his control Monday and led to widespread media attention.

James Sikes called 911 for help after his blue 2008 Toyota Prius accelerated to more than 90 miles per hour on Interstate 8 east of San Diego before a highway patrolman caught up to him and advised him via loudspeaker how to slow the car and bring it to a stop.

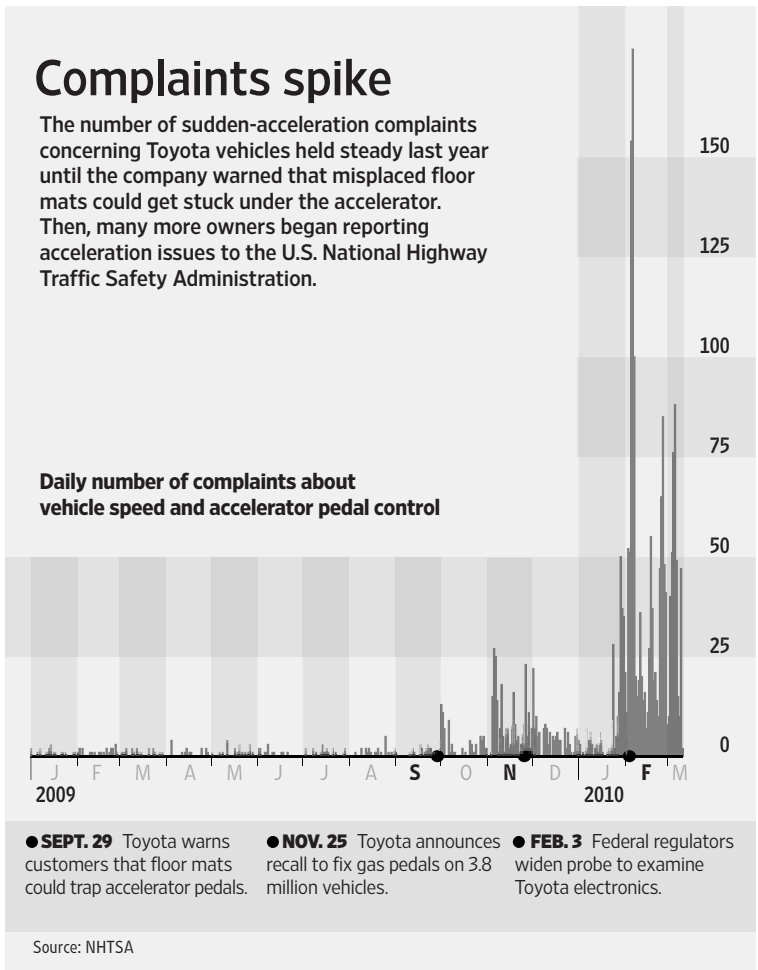
The incident was widely reported on television and the Internet. But later, questions about whether the incident could be a hoax began appearing on some Web sites.

Brian Pennings, a spokesman for the California Highway Patrol, said Wednesday the officer who responded to Mr. Sikes's call, Todd Neibert, reported he witnessed Mr. Sikes lean back in his seat with both hands on the wheel in what appeared to be an effort to put as much weight as possible on the brakes, and saw smoke billowing from the brakes. Brake-shoe dust on the car's wheels also suggested heavy brake use. "There is nothing based on the facts to indicate his story is not credible," Mr. Pennings added. Mr. Sikes couldn't be reached for comment.

A day after the incident involving Mr. Sikes, police in Harrison, N.Y., reported a 56-year old woman crashed into a stone wall when her 2005 Prius accelerated out of control in a driveway. The woman was taken to a hospital with injuries that were not life-threatening, according to Capt. Anthony Marraccini.

The police are holding the vehicle and are waiting to hear if federal officials want to inspect it, he said.

—Sharon Terlep, Dionne Searcey and Gabriel Kahn contributed to this article.


Complaints spike
The number of sudden-acceleration complaints concerning Toyota vehicles held steady last year until the company warned that misplaced floor mats could get stuck under the accelerator. Then, many more owners began reporting acceleration issues to the U.S. National Highway Traffic Safety Administration.
Daily number of complaints about vehicle speed and accelerator pedal control
150
125
100
75
50
25
0
J F M A M J J A S O N D J F M
2009
2010
● SEPT. 29 Toyota warns customers that floor mats could trap accelerator pedals.
● NOV. 25 Toyota announces recall to fix gas pedals on 3.8 million vehicles.
● FEB. 3 Federal regulators widen probe to examine Toyota electronics.
Source: NHTSA

Haier helps GE's sales in China

By Aaron Back

BEIJING—**Haier Group** President Yang Mianmian on Thursday said the Chinese appliance maker started cooperating with **General Electric** Co. last year to sell and distribute GE household appliances in rural China.

Haier has been a main beneficiary of government policies to subsidize the purchases of appliances and electronics by China's rural residents. Last year, the company's sales to rural areas rose by more than 30%, and this year the company is targeting another 30% increase, Ms. Yang said.

GE "noticed that we have built an excellent rural sales network," she said in a meeting with reporters on the sidelines of the National People's Congress, the annual legislative session.

Haier accounted for 32% of all appliances sold under the government program, Ms. Yang said.

Haier held talks with GE in 2008 to buy the U.S. firm's appliance unit. Ms. Yang said Thursday that Haier didn't buy at the time because the price for the unit was too high.

She said the price now would likely be lower, but when asked if Haier is still considering the purchase, she said, "Right now we are not at the acquisition stage." She didn't elaborate.

Representatives for General Electric in the U.S. weren't available to comment.

Before holding talks with GE, Haier made an unsuccessful bid for Maytag Corp. in 2004, but lost out to Whirlpool Corp.

Haier Group's total domestic sales will likely rise by about 20% this year, Ms. Yang said. Domestic sales were roughly 75% of total revenue in 2009.

In January, Zhang Tieyan, director of Global Branding Operations, said Haier's revenue rose about 10% in 2009 from 119 billion yuan ($17.43 billion) in 2008.

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Corrections & Amplifications

A chart accompanying a page-one article about China's property market Thursday showed slower growth in the floor area of all buildings sold. It incorrectly labeled as showing sales of only residential buildings.

A chart accompanying a Heard on the Street column Thursday about Vietnam joining the International Rubber Consortium showed cumulative changes in rubber production from 2006. It was incorrectly labeled as showing changes from the previous year.

Yolanda Fernandez Lommen is head of the economics unit at the Asian Development Bank in Beijing. A Heard on the Street column Thursday about China's economy misspelled her surname as Lohman.

Thanachart Bank to buy Siam stake

Lenders will be merged to create Thailand's fifth-largest bank by assets; 'significant investment' for Scotiabank

By Piyarat Setthasiriphaiboon And Leigh Murray

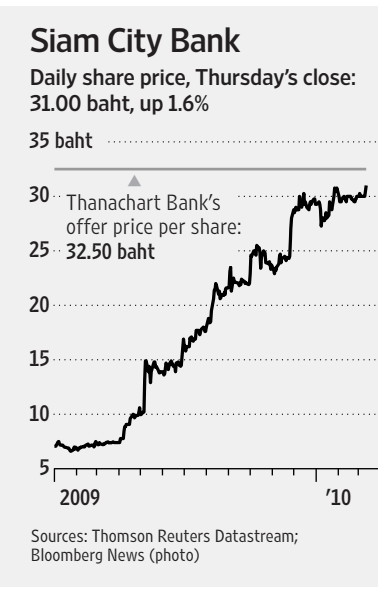
BANGKOK—**Thanachart Bank** will buy a 47.58% stake in **Siam City Bank** PCL from the Bank of Thailand's rescue arm in a deal valued at 68 billion baht ($2.08 billion), making it Thailand's second-largest merger-and-acquisition deal in the financial sector.

Thanachart Bank, which is 48.99% owned by Canada's **Bank of Nova Scotia**, has long been considered the front-runner for the Siam City Bank stake. It plans to merge the two entities to create Thailand's fifth-largest bank by assets.

The combined bank will also help diversify their loan portfolios. A majority of Thanachart's credit extension is in the hire-purchase segment, while Siam City's is in corporate and housing loans. Thanachart Bank is 50.92% owned by **Thanachart Capital** PCL.

Bank of Nova Scotia, also known as Scotiabank, is regarded as Canada's most international bank. Its overseas operations are mostly based in Central and South America and the Caribbean, although it also owns stakes in two lenders in China.

"This is the most significant investment we are making in this region. We are very positive about business prospects in Thailand," Michele Kwok, senior vice president of the Bank of Nova Scotia, said at a news conference.



Bank of Thailand Assistant Gov. Tongurai Limpiti, a member of the Financial Institutions Development Fund board, the central bank's rescue arm, said Thanachart Bank will pay 32.50 baht per share, which is 1.6 times the book value of Siam City Bank at the end of 2009.

Siam City Bank shares were up 1.6% at 31 baht before being suspended from trade during the afternoon session.

A tender offer to existing Siam City Bank shareholders will be made from late April until July, after which the bank will be delisted, Thanachart Capital Chairman Banterng Tantivit said.

The sale and subsequent mandatory general offer will be one of the largest M&A transactions involving financial institutions in Thailand. According to Dealogic, the acquisition of 84.1% of Krung Thai Bank by the Bank of Thailand in September 1998 was valued at $4.76 billion.

Mr. Banterng said the entire deal was valued at 68 billion baht, while the combined entity will have assets of 800 billion baht.

He said 42 billion baht for the deal will come from a capital increase, which will be mostly raised through common shares from Thanachart Capital and the Bank of Nova Scotia.

He said six billion baht of the funding will come from a bond issuance by Thanachart Bank, expected in April or May and the remainder will come from the bank's cash.

Thanachart Capital will seek approval from shareholders on April 7. Payment for the deal must be made by April 9.

Mr. Banterng said the merger of all operations should be completed by the end of 2011, adding there was no immediate plan to list Thanachart Bank.

He said plans for other subsidiaries of the two banks, including brokerage firms, asset-management units and insurance operations, will be discussed later. Options include mergers, putting overlapping units up for sale or continuing to operate independently.

To prepare for the bid, shareholders of Thanachart Bank approved a plan in October to triple its registered capital to 59.35 billion baht from 19.35 billion baht.

Ms. Tongurai said 45 institutions initially expressed interest in bidding for Siam City Bank. Five submitted bids, three completed due diligence and two final bids were considered.

Korea Development Bank earlier said it withdrew its bid for the stake because it found that certain conditions could put pressure on the bank's management and risk profile after the takeover.

Ms. Tongurai said proceeds from the deal will be used to repay existing debts of the FIDF, which has bonds worth 30 billion baht maturing in November.

UBS and Tisco Securities of Thailand were advisers to the FIDF for the deal.

Taiwan scrutinizes Nan Shan funding

By Jessie Ho

TAIPEI—Taiwan's government is planning to decide whether it will approve a Hong Kong consortium's long-awaited bid to buy **American International Group** Inc.'s Taiwan unit by the end of June, after noting that from what it has seen so far, mainland Chinese money isn't behind the purchase pf the insurer.

China Strategic Holdings Ltd. and **Primus Financial Holdings** Ltd. acquired **Nan Shan Life Insurance** Co. from AIG for US$2.15 billion in October, but they have been awaiting regulatory approval from the Taiwan government amid talk that the consortium has been backed by Chinese money.

Taiwan's government is planning to decide whether it will approve the deal by the end of June.

"We will check thoroughly if there's any money from China behind the consortium by the end of March, and complete the review by the first half of this year if all the papers required are submitted," Deputy Minister of Economic Affairs Jung-Chiou Hwang said Thursday.

Despite warming official relations between China and Taiwan, the island maintains restrictions on investments in its financial-services firms by companies backed by mainland cash, especially as Nan Shan is one of the island's three largest life insurers, with assets worth 1.6 trillion New Taiwan dollars (US$50.35 billion), four million policyholders and 38,000 employees.

Documents submitted by the consortium show that it isn't backed by any Chinese money, but the government will further examine the consortium's funding source from overseas channels, Mr. Hwang said at a legislative briefing.

The deal has been complicated by an agreement in November under which China Strategic planned to sell a 30% stake in Nan Shan to **Chinatrust Financial Holding** Co. in exchange for a nearly 10% stake in Chinatrust.

The government will look into whether to approve the share swap between Chinatrust and Nan Shan after the parties submit the application, Financial Supervisory Commission Chairman Sean Chen said.

Apart from its source of funding, the consortium must guarantee the benefits of Nan Shan's employees and policyholders, have the professional ability to manage an insurer, have a long-term commitment to running Nan Shan, and have the financial capacity for future fundraising needs, the financial regulator said in a report to lawmakers.

AIG, which has been selling assets to repay billions of dollars of bailout money, is separately selling its Asian life-insurance business to U.K. insurer Prudential PLC and American Life Insurance Co. to Metlife Inc.

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CORPORATE NEWS

H-P to brandish its tech credentials

After acquisition spree, company known for printers seeks to recast image to include a broader range of expertise

By Suzanne Vranica And Justin Scheck

In need of an image makeover after an aggressive acquisition spree, **Hewlett-Packard** is launching its first corporate advertising campaign in more than five years.

The company, which consumers know primarily for its printers, says it is seeking to recast itself as a broader technology concern with a campaign featuring, among others, rapper Dr. Dre and stand-up comedian Rhys Darby, star of the HBO series "Flight of the Conchords." A person familiar with the matter estimated that the eight-week campaign will cost $40 million.

"Most people think we are just a printer company," says Michael Mendenhall, H-P's chief marketing officer.

Over the past few years, however, Chief Executive Mark Hurd has tried to make H-P less dependent on printing by snapping up companies like Electronic Data Systems and network-equipment maker 3Com. Its new businesses have put the company squarely in the cross hairs of rivals like Cisco Systems and International Business Machines.

"Awareness of what we do has not kept pace with that expansion," Mr. Mendenhall says

Glenna Patton, H-P's vice president of brand strategy, who joined the company from Viacom's MTV, says studies show that H-P stands for "reliability" and "quality" in the minds of customers, but that the brand lacks "a real differentiation in personality and distinction."

The new campaign, which strikes a light-hearted tone, is scheduled to begin this weekend, and will include TV, print, the Internet and radio.

H-P

In an H-P ad, an actor playing a UPS worker boasts how the firms collaborated on a labeling system strapped to his wrist.

Other celebrities featured in the new spots include photographer Annie Leibovitz. Also participating are companies such as **United Parcel Service** that use H-P technology.

The ads will carry the new slogan: "Lets Do Amazing."

In one spot, Mr. Darby displays his zany persona as he interviews an actor playing a worker at UPS's distribution center in Atlanta. The actor, who is using a robotic device attached to his wrist to print shipping labels for packages, boasts about how UPS worked with H-P to create the device. "It helps to get packages on the truck faster," he says, adding it "saves a couple of million pounds of paper a year."

Another spot shows Dr. Dre talking about how H-P rebuilt his personal computer to make his music sound better.

H-P, which is based in Palo Alto, Calif., bypassed its usual roster of ad firms and picked Los Angeles-based **72 & Sunny** to handle the campaign. Its digital ads were created by **Interpublic Group**'s RGA.

H-P will try to make the most of its marketing firepower by airing the bulk of its new commercials during high-profile broadcasts like the NCAA March Madness college-basketball championship on **CBS** and the series finales of shows like Fox's "24." It says it will run two commercials during each program as a way to help its message resonate.

Part of the push is aimed at H-P's 304,000 employees, many of whom are relatively new to the company. An internal video crafted to acquaint workers with its range of businesses includes Mr. Darby saying he thought that the "hp" logo stood for "Have a Printer."

Putting a single public face on H-P may be a tough task. The company has long had a decentralized marketing organization. Ad dollars and authority over how to spend them rested in the PC and printer divisions.

Not long after he joined H-P as marketing chief in 2007, Mr. Mendenhall's team discussed a possible change in the company's logo, according to a person with knowledge of the discussions.

In the end, H-P decided simply to tweak its existing logo, such as by enhancing the color.

Mr. Mendenhall says that all the company's business units are firmly behind the current effort because, "they recognized the importance of telling consumers what H-P is now."

H-P has worked hard to tout forward-looking technologies like touch-screen PCs, but its success as the world's No. 1 seller by unit shipments has been fueled largely by accomplishments like cutting costs so it can profit by selling lower-priced computers.

Google gains traction in display-ad push

By Jessica E. Vascellaro And Emily Steel

Google Inc. is signing up marketers to use its latest display-advertising technology, pressuring rival **Yahoo** Inc. and advancing the search giant's effort to change the way ads are sold across the Internet.

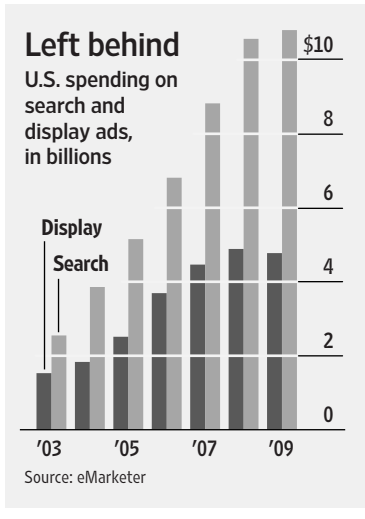
Display ads, the eye-catching banner ads that appear atop and alongside most Web sites, have been under pressure as marketers question their effectiveness. Spending on banner ads in the U.S. fell 2.3% last year to $4.77 billion, according to eMarketer.

Google is championing a new stock market-like system for buying display ads. Using its exchange, ad buyers and sellers are matched to ad spaces in a real-time auction. Ad buyers calculate how much they are willing to pay for a particular ad position on the fly, based on how likely the ad is to be seen by the types of viewers they are targeting.

Google released its new technology, called the DoubleClick Ad Exchange, in September. Yahoo has run its own exchange, called Right Media, for years, but has only recently begun to roll out real-time bidding.

"Google has more firepower right now," said Matt Spiegel, chief executive of **Omnicom Group**'s digital ad buying unit OMG Digital. "I'm convinced that the other key players in the space recognize the risk."

Google is pushing display ads as it seeks growth at a time that its core search business has slowed. Yahoo, which was eclipsed by Google in search but sells far more display ads, is fighting to avoid being leapfrogged again.



At stake is the chance to control a market that could be as lucrative as search ads. While neither company expects all display ads to be sold through exchanges, they both expect it to be a growing part of the market that would help close the gap with the $11 billion U.S. search-ad industry.

Advertisers say the new exchanges allow them to better target their advertising, though the auctions don't necessarily result in lower prices. In early testing, Google said its research found that the average price a publisher receives for ad space sold through its exchange is more than 130% higher than the average price of similar ad space sold directly to ad networks and other third parties.

Richard Frankel, president of ad technology company **Rocket Fuel**, says Google's real-time bidding is a significant advantage over Yahoo's system. He has begun to exploit it heavily for clients like **Nissan Motor** Co.'s Infiniti brand.

"If you have a formula for calculating the impression, you can be much smarter than everyone else to really hone into the audience," Mr. Frankel said.

Overall, more than fifty advertising networks are now buying display ads through Google's new exchange, said Google vice president of product management Neal Mohan, who oversees its display ad technology.

Google's success is pressuring Yahoo, which entered the display-ad exchange market when it bought Right Media in 2007. In recent months, Yahoo has enhanced Right Media by getting more selective about the sorts of Web sites it will allow to sell ads through the system and by starting to deploy its own real-time bidding software.

Yahoo's vice president and general manager for advertising platforms, Bill Wise, said the moves aren't a reaction to Google but part of the evolution of the service. He said Yahoo is maintaining a "significant" lead over Google.

Yahoo's exchange includes its own Web sites, whose massive audiences are often must-buys for advertisers.

Neither side discloses how much revenue it is earning from the exchanges and the raw statistics are difficult to compare.

Before exchanges, savvy advertisers relied mostly on ad networks that allowed them to buy ads targeted at certain types of users—such as moms who live in California—across a range of sites, instead of striking deals with individual Web sites. Now, exchanges are trying to broaden the pool of buyers by aggregating the ad networks.

To make the most of the services, advertisers are turning to technology companies that try to determine how much a particular ad placement is worth based on data about the Web site's visitors and the advertisers' customers.

While advertisers say they see room for multiple exchanges, they also note that they would be inclined to switch to whatever performs better.

"Once we get past the test phase, it's really a math equation at that point," said Joe Nunziante, an associate director at Spark, a **Publicis Groupe** marketing agency that manages ad buying on behalf of E*Trade and buys across both services. "The numbers don't lie."

Motorola's smart phones to include Bing

By Jeffrey Ng

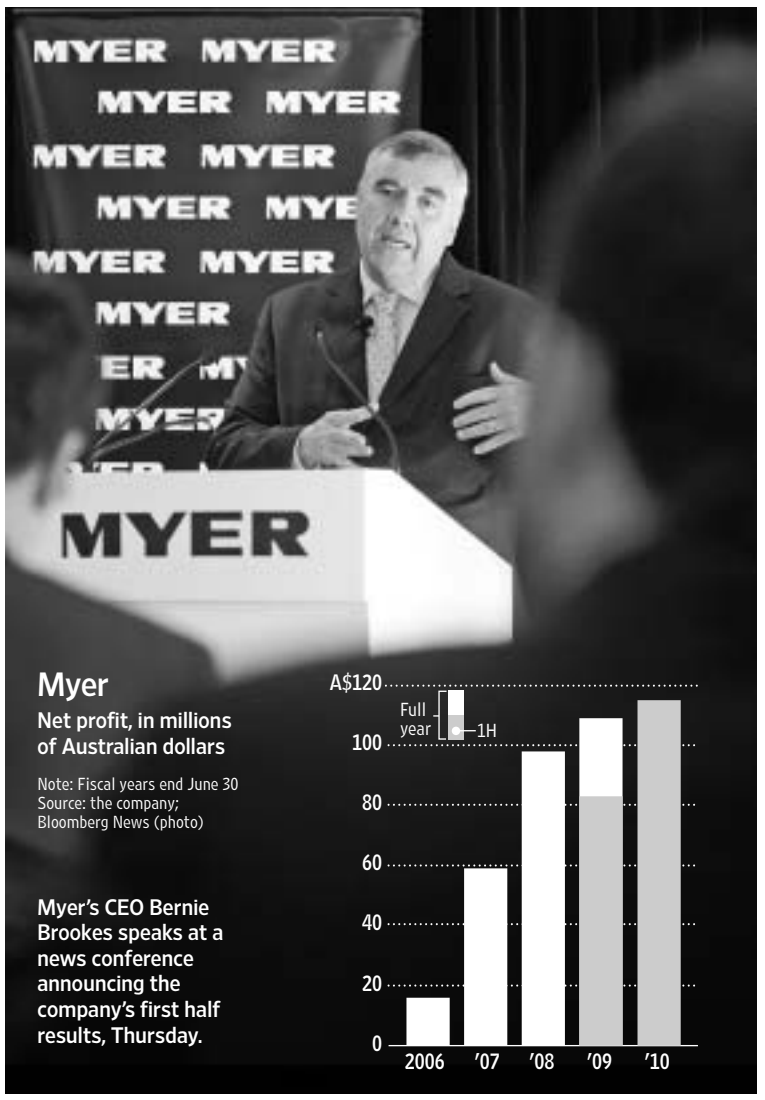
Motorola Inc. agreed to add **Microsoft** Corp.'s Bing search and map capabilities to its smart phones, with the new offering to be launched in China in the current quarter.

Motorola Wednesday said the alliance will give its customers a choice when using search and map functions on the company's Android-based devices. Android is a mobile operating system developed by **Google** Inc.

The alliance comes as Microsoft rival Google is embroiled in a spat with the Chinese government over Internet censorship that could lead Google to withdraw operations from China.

Analysts have said that Motorola, which has been relying on its ties with Google to push into the competitive cellphone market in China, may need to look at other partnership opportunities should Google pull out of the country.

Motorola currently sells four handset models in China that use Google's operating system, but the handsets are customizable and don't ship exclusively with Google software. In January, the company announced a similar partnership with Chinese Internet search company **Baidu** Inc., a Motorola spokesman said.



Myer's CEO Bernie Brookes speaks at a news conference announcing the company's first half results, Thursday.

Myer net rises 38%; sales outlook is cut

By Cynthia Koons

SYDNEY—**Myer Holdings** Ltd. said Thursday first-half net profit rose 38% as the newly listed department store chain continues to turn its business around despite slower sales growth.

The retailer cut its full-year sales growth target to a range of between 1% and 2%, having promised 3% full-year sales growth in its initial-public-offering prospectus last September. But it retained other elements of its guidance, such as its earnings before interest and tax and dividend forecast, proving management is confident of further inroads with its turnaround program.

Myer's management has reason to remain cautious, entering a period in which year-earlier comparable figures were bolstered by stimulus spending.

Myer said it reduced costs by improving its supply chain and technology platforms. Margins also improved in the first half as the retailer gained traction with its private-label brands. It said private-label brand sales rose 20% in the first half from a year earlier. At the same time, the group has been refurbishing stores to draw new customers.

Myer's stock was little moved on the result Thursday—down 0.9% to 3.44 Australian dollars (US$3.15). One analyst said investors are waiting for sales momentum before buying the stock.

For the second half, Myer said sales grew more than 2% in the first six weeks of the period, but total sales for the second half are expected to be flat to down 2%.

Myer's chief executive, Bernie Brookes, said on a conference call that sales were growing by more than 2% in February, but that was a moderation from January, when the group had a successful annual sale, which helped the retailer rebound from a disappointing holiday period.

Myer's management has reason to remain cautious as the sector is entering a period in which year-earlier comparable figures were bolstered by federal stimulus spending, making it harder for Myer to grow sales on a year-to-year basis. Rising interest rates also could constrain customers, management said.

Myer posted net profit rose of A$115 million for the six months to Jan. 23, compared with A$83 million a year earlier. The latest figure doesn't account for the A$93.5 million of initial public offering costs the company recorded in the first half. First-half sales rose 2% to A$1.8 billion from A$1.76 billion a year earlier.

One analyst said the results appeared to be in line and that there weren't many surprises.

In its first earnings result since going public in November, the department store chain said EBIT was A$181 million for the half, up 12% from A$161 million a year earlier. The group said in early February that EBIT would rise by more than 10% in the half, beyond prospectus forecasts of 5.6% growth.

Myer maintains it is on track to meet prospectus forecasts for full year EBIT of A$261 million and said it will meet its full-year dividend guidance of 20.5 to 21.2 Australian cents a share.

BP snares offshore assets

Deal for $7 billion includes Brazil, Gulf of Mexico, Azeri fields

By Jeffrey Sparshott And James Herron

LONDON—British oil giant **BP** PLC said Thursday it bought into a diverse and broad deepwater exploration portfolio that includes assets off the shores of Brazil, Azerbaijan and the U.S., in a $7 billion deal with U.S. independent oil and gas producer **Devon Energy** Corp.

The deal gives BP a greater footprint in two of its core areas—the Gulf of Mexico and the Caspian Sea—and its first entry into Brazil's prolific offshore basins.

"This strategic opportunity fits well with BP's operating strengths and key interests around the world," said Chief Executive Tony Hayward.

"As well as giving us a broad portfolio of assets in the exciting Brazilian deepwater, it will strengthen our position in the Gulf of Mexico, enhance our interests in Azerbaijan and enable us to progress the development of Canadian assets," he said.

BP will gain 10 exploration blocks in Brazil, including seven that are located in the Campos basin, where significant oil discoveries have been made. However, the deal doesn't give BP access to Brazil's Santos basin, the site of the world's biggest oil discoveries for a decade.

In U.S. waters in the Gulf of Mexico, BP is adding a portfolio of 240

Reuters

Tony Hayward, BP's chief executive

leases, including Devon's 30% interest in the major Paleogene discovery Kaskida, in which BP already has a 70% stake.

In Azerbaijan, BP is acquiring Devon's 5.63% stake in the 850,000 barrel-a-day BP-operated Azeri-Chirag-Gunashli development in the Caspian Sea, increasing its interest to 39.77%. On Tuesday, BP and its partners in Azerbaijan announced a major new $6 billion investment in the ACG fields to boost oil recovery.

Devon, meanwhile, will pay BP $500 million for a 50% stake in the British oil company's undeveloped Kirby oil sands in Canada. Kirby is close to the Devon-operated Jackfish development, which started production in 2007.

Devon, a midsized oil company, is one of the biggest U.S. independents—companies that produce oil and gas but don't have refining or marketing businesses. Last November, Oklahoma-based Devon said that it planned to sell all its offshore and international assets in order to focus on its onshore North American energy operations. It said it expected to generate after-tax proceeds of up to $7.5 billion from the divestitures.

"We expect this transaction will accelerate the development of the Kirby assets and, through the associated crude off-take agreement, provide a secure source of Canadian heavy oil for our advantaged Whiting [Indiana] refinery," said Andy Inglis, BP's exploration and production chief.

BP's entry into offshore Brazil is the key part of the deal, which will only add around 20,000 to 40,000 barrels a day to BP's output of more than four million barrels of oil equivalent a day, according to NCB Stockbrokers analyst Peter Hutton.

"The move makes strategic sense...$7 billion is affordable and we estimate it takes BP just under half way into their 20-30% gearing range target," he said.

Shares of BP fell 0.3% to 623.3 pence, in late afternoon trading in London.

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CORPORATE NEWS

Swire Pacific reports solid results

Rental income helps spur 62% rise in underlying profit, pointing to a broader comeback in Hong Kong's economy

By Joyce Li

HONG KONG—**Swire Pacific** Ltd. posted a 62% increase in its 2009 underlying profit Thursday, driven by rental income and affiliate **Cathay Pacific Airways** Ltd.'s return to profit amid fuel-hedging gains.

Swire Pacific's underlying-profit increase exceeded analysts' expectations and reversed a 49% decline in 2008.

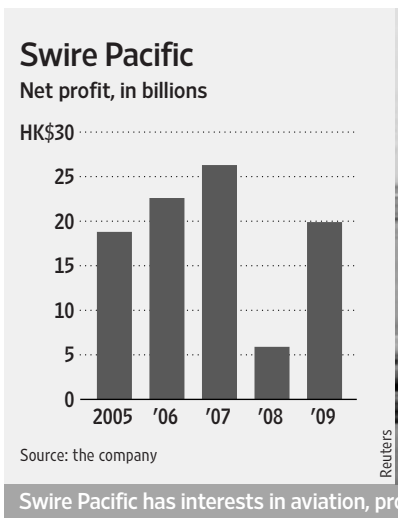
The results suggest a broad-based recovery in Hong Kong's economy, as the conglomerate's businesses span property development and investment, aviation, marine services and beverages.

The company said it expects "more positive prospects" for 2010, which prompted it to recommend higher dividends for 2009.

Underlying profit, which excludes revaluation gains and associated deferred taxes, rose to 8.48 billion Hong Kong dollars (US$1.09 billion) in 2009 from HK$5.24 billion in the previous year, and was higher than the HK$7.31 billion average forecast of seven analysts polled earlier by Thomson Reuters.

Analysts prefer to look at underlying profit to gauge the performance of Hong Kong's property companies because regular revaluations of investment properties distort the bottom line.

Net profit surged to HK$19.92 billion from HK$5.85 billion in 2008, and revenue rose 1% to HK$24.91 billion from HK$24.67 billion.



Reuters

Swire Pacific has interests in aviation, property and beverages. Pictured, Hong Kong International Airport.

The company recommended a final dividend of HK$2.20 per Class A share, up from HK$1.48 the previous year. Swire Pacific's final dividend per Class B share was 44 cents, up from 29.6 cents.

During a news conference Thursday, Swire Pacific Chairman Christopher Pratt said that Swire Aviation Ltd., in which Swire Pacific holds a 66.7% stake, plans to sell its 30% stake in Hong Kong Air Cargo Terminals Ltd.

The stake sale comes as Cathay Pacific presses ahead with the construction of a HK$5.5 billion cargo terminal, which is scheduled to open in 2013, Mr. Pratt said. He declined to provide other details of the disposal plan.

Swire Pacific, whose key investment properties include the Pacific Place and Quarry Bay complexes in Hong Kong, said gross rental income from investment properties rose 8.8% to HK$7.39 billion from HK$6.79 billion, helped by higher office rentals in Hong Kong.

The company is also developing four commercial mixed-use projects in the mainland Chinese cities of Beijing, Shanghai and Guangzhou.

Swire Pacific said almost all its completed office space and retail properties in Hong Kong are fully leased.

"The trading environment for the group's retail interests in both Hong Kong and mainland China has improved as economic conditions have become more positive," Mr. Pratt said in a prepared statement.

Swire Properties Ltd., which operates Swire Pacific's property businesses, will have a portfolio of 15.1 million square feet in Hong Kong and eight million square feet in China upon completion of current developments.

Swire Pacific earlier said it has already submitted an application to the Hong Kong exchange for the separate listing of Swire Properties, but has yet to disclose progress on the proposed listing.

Market participants said they expect the spinoff to take place in the second quarter.

Apart from growth in the property division, Swire Pacific's 2009 earnings were mainly bolstered by a turnaround at Cathay Pacific, although the conglomerate said it remains cautious about the recent improvement in the aviation industry.

The conglomerate said it expects 'more positive prospects' for 2010, which prompted the company to recommend higher dividends for 2009.

Cathay Pacific, which is 42%-held by Swire Pacific, contributed net profit of HK$1.35 billion, helped by gains from fuel-hedging contracts. The airline contributed a loss of HK$3.61 billion in the previous year.

Swire's beverage operations, which posted a 29% rise in net-profit contribution to HK$753 million, are likely to continue to recover amid improving market conditions in Hong Kong and Taiwan, the company said.

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CORPORATE WATCH

Torrent Pharmaceuticals sets deal with AstraZeneca

AstraZeneca PLC on Thursday announced a further push into emerging markets through a deal with India-based **Torrent Pharmaceuticals**.

The U.K. drug company said Torrent will provide it with a portfolio of generic medicines for which the Indian group already has licenses in a range of countries, starting with 18 products in nine countries.

Financial terms weren't disclosed.

AstraZeneca, which faces a steep drop in sales over coming years as many of its blockbuster drugs become exposed to generic competition, is placing increasing emphasis on growth in emerging markets.

The company said emerging markets are forecast to contribute around 70% of pharmaceutical industry growth in the next five years. "Branded generics represent approximately 50% by value in these emerging markets. AstraZeneca believes it can capitalize on this opportunity," the company said.

Shore Capital said AstraZeneca was slow to capitalize on emerging-market opportunities compared to some of its peers, but now generates around 13% of its revenue there.

—Sten Stovall

Sun Hung Kai profit surges despite 12% drop in revenue

Sun Hung Kai Properties Ltd. said Thursday its first-half net profit was nearly 20 times that of a year earlier due to gains from property revaluations and because it booked the sale of Shanghai office space in 2007 during the period.

The company, which is Hong Kong's largest developer by market capitalization, posted a net profit of 14.34 billion Hong Kong dollars (US$1.85 billion) for the six months ended Dec. 31, up from HK$692 million in the same period a year earlier.

Underlying profit, which excludes revaluation gains, rose to HK$6.51 billion for the six month from HK$4.54 billion in the previous year.

Analysts generally use underlying earnings rather than net profit to gauge the performance of Hong Kong property companies because their earnings tend to be distorted by regular revaluations of investment properties.

First-half revenue fell 12% to HK$13.27 billion from HK$15.12 billion on lower property sales in Hong Kong.

—Joyce Li

Fortis Healthcare plans to buy stake in Parkway

India-based **Fortis Healthcare** Ltd. said Thursday that it will buy a 24% stake in Singapore health-care provider **Parkway Holdings** Ltd. for US$685.3 million.

Fortis said it is buying the stake from private-equity fund TPG, which acquired the stake in Parkway in 2005.

"The acquisition will significantly expand our footprint across the region and place us strategically for geographical and clinical leadership in Asia, a big step closer to our vision of establish a global healthcare delivery network," said Fortis Chairman Malvinder Mohan Singh.

He added that Fortis is looking for acquisitions in markets outside Asia. Parkway runs hospitals in Singapore, China, Brunei, India and Malaysia.

—Sam Holmes

MARKETS

More Lehman bankers leave Nomura

Departures coincide with expiration of two-year guaranteed bonuses; spokesman calls turnover 'normal'

By Amy Or

HONG KONG—Two senior **Nomura Holdings** Inc. bankers left the company this week, adding to the list of employees who have departed the Japanese bank since the two-year guaranteed period for bonuses given to key former Lehman Brothers Holdings staff expired.

Nomura, which bought Lehman's Asian and European operations in late 2008 and guaranteed bonuses to key staff, lost its vice chairman for its China investment-banking business, Jane Wang, and the Asian-Pacific head of equity capital markets, Geoffrey Feldkamp, to competitors earlier this week, a person familiar with the situation said Thursday.

The person didn't give details on where Ms. Wang and Mr. Feldkamp are going.

Mr. Feldkamp is the fifth senior "legacy Lehman" banker to leave the Japanese bank in recent weeks. Nomura's guaranteed bonuses used bankers' 2007's heady precrisis bonus levels as a reference point, at a time when the global investment-banking industry was reeling from the financial crisis.

Sigurbjorn Thorkelsson, Nomura's head of equities for the Asian-Pacific region; Gaurav Gupta, its India head of telecommunications, media and financial banking; and Thomas Siegmund, its co-head of fixed income for Asia outside Japan, have left the bank in the past few weeks, another person familiar with the situation earlier said. Another legacy Lehman banker, Jai Rajpal, who was a co-head alongside Mr. Siegmund, was made the sole head of fixed income for Asia outside Japan after Mr. Siegmund's departure.

Reuters

Nomura paid $225 million for Lehman's Asian arm as it moved to gain a leg up in the global investment-banking rankings.

Nomura, whose financial year ends March 31, added about 8,000 workers when it took over Lehman's Asian and European operations after the New York investment bank filed for bankruptcy protection.

Nomura paid $225 million for Lehman's Asian arm and just $2 for its European one, as it moved to gain an immediate leg up in the global investment-banking rankings, plus access to hedge-fund trading clients. The U.S. operations of Lehman went to the U.K.'s Barclays PLC.

About 95% of more than 200 Lehman bankers who were offered the guaranteed bonus are still with the bank, the person said.

"Turnover is normal at this point in the cycle and in this industry," said Matthew Russell, Nomura's head of corporate communications for Asia excluding Japan. "We are confident that we have good businesses, a deep management bench, and we continue to attract high-caliber recruits with extensive experience in the industry."

While problems of the culture clash between Western-style bankers and the old-guard Japanese bankers have been widely talked about, with some top bankers jumping ship, a few of the old Lehman bankers have risen through the ranks.

Nomura's head of Asian investment banking outside Japan, Glenn Schiffman, a former Lehman banker, was made head of investment banking for the Americas in February, a growth market for Nomura, which is seeking to build out its North American platform. Two other former Lehman bankers, Colin Banfield and Patrick Schmitz-Morkramer, have taken over Mr. Schiffman's old job.

On top of the 8,000 staffers it acquired from Lehman, the Tokyo-based bank has hired about 420 permanent workers in Asia since October, the person familiar with the situation said Thursday.

The Japanese bank has gone on an aggressive hiring spree in Australia as well as in areas such as convertible-bond sales and trading in the U.S.

In November, Nomura hired Citigroup Inc. banker Peter Meurerto as its Australian chairman of investment banking. Three months before, it poached Deutsche Bank AG's former vice chairman of global banking, Ian Maxton, to be its Australia head of financial institutions; Ed de Salis, former Bank of Scotland director of sales for the treasury, as its Australia head of risk solutions; and John Hanson as its head of Australia mergers and acquisitions. Mr. Hanson most recently held a similar position at Bank of America Merrill Lynch.

CBOE moves closer to long-sought IPO

By Jacob Bunge

BOCA RATON, Fla.—The Chicago Board Options Exchange moved ahead with plans for a long-delayed initial public offering of shares that could take place by June.

The world's fourth-largest derivatives exchange by contract volume filed a prospectus with the U.S. Securities and Exchange Commission and has hired **Goldman Sachs Group** Inc. as global coordinator for the offering.

The parallel demutualization and IPO of **CBOE Holdings** Inc. could spark a bidding battle for the prized exchange operator, which is expected to canvass its member-owners and vote on the management-backed plan next month.

"We will be meeting with our members in the coming days and months," Chief Executive Bill Brodsky said. "We will share more information with you as it's appropriate and permissible to do so."

The CBOE is the last large member-owned U.S. financial exchange. Its trek toward the public markets has been delayed by a years-long legal battle that caused it to miss out on a boom in exchange valuations—and a subsequent slide owing to the financial crisis.

Analysts have valued the franchise at between $3 billion and $5 billion, a price that hinges in part on whether a bidding battle develops after an IPO.

The share values of Chicago Board of Trade and Nymex Holdings doubled after their stock-market listings, before both were acquired by **CME Group** Inc., which is also seen as a potential buyer of CBOE. **IntercontinentalExchange** Inc. and **NYSE Euronext** also are viewed by analysts as possible buyers.

CBOE operates the largest U.S. options exchange as well as stock and futures platforms, and its value is boosted by several exclusive licenses on options products, including the CBOE Volatility Index, or VIX, Wall Street's favorite "fear gauge." The licenses accounted for 32% of the exchange's $314.5 million in transaction revenue last year.

The CBOE is pursuing the demutualization after settling the legal dispute over ownership rights in the exchange in December. The conversion requires a membership vote, expected to take place within the next four to six weeks.

The SEC filings come amid a recent rise in the seat prices at the CBOE. One of the 930 exchange memberships sold for $2.7 million on Tuesday, marking the second price increase in a week. **South LaSalle Partners** was the buyer of the last two seats.

CBOE converted to a for-profit business in 2006 and early Thursday imposed a temporary moratorium on sales of seats, which convey trading rights at the CBOE, as exchange executives discussed the regulatory filing with members.

The company reported net profit of $106.5 million on revenue of $426 million for 2009.

—Doug Cameron and Nathan Becker contributed to this article.

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ASX to lose regulatory function

By Rachel Pannett

CANBERRA—Australia's Senate on Thursday approved laws that will strip **ASX** Ltd. of its regulatory function, clearing the way for the government to consider ending the exchange operator's near-monopoly.

Under changes first announced last August, the Australian Securities & Investments Commission will take over real-time trading supervision of financial markets from the third quarter of this year. The shift comes as ASX's role as market supervisor has come under scrutiny over potential conflicts of interest given its commercial interests as a listed firm.

"The transfer of supervision to ASIC is important for ensuring the continued integrity of Australia's financial markets and will contribute to the goal of making Australia a financial hub," Corporate Law Minister Chris Bowen said.

The ASX previously sought to bar the issue of new licenses to rival operators, saying it could create market volatility.

Potential rivals, including **Instinet** LLC's Chi-X, U.S.-based **Liquidnet Holdings** Inc., and AXE ECN Pty. Ltd.—a joint venture between New Zealand stock-exchange operator **NZX** Ltd. and five brokers—argued the introduction of competing market platforms would deliver greater liquidity, reduced trading costs and more efficient operations.

The government has said, however, that it won't consider granting any new licenses to rival exchange operators until after the supervision changes have been made.

Preparations for the change of supervision responsibilities are already under way, with ASX booking a 3.7 million-Australian dollar (US$3.4 million) pretax charge against the transfer in the six months ended Dec. 31.

Street goes on CDS offensive

Regulatory drive pushes financial firms to seek voice in new rules; Gensler blasts back

By Susanne Craig, Mark Gongloff and Cassell Bryan-Low

Investors expressed frustration and anger Wednesday after reports that U.S. and European governments were eager to place new curbs on the use of credit-default swaps. But some on Wall Street acknowledged that changes to the arcane trading area are inevitable, with some suggesting remedies that might increase transparency while forestalling greater government intervention.

Also Wednesday, European officials appeared to soften some of their previous statements calling for rules on the swaps, including a possible ban on using them for "speculative" trading. Greece's prime minister said that he wasn't trying to "scapegoat" traders for the country's current budget crisis.

The remarks came after comments Tuesday by the head of the Commodity Futures Trading Commission, who suggested stronger swap rules were essential to broader financial change in America.

On Thursday, CFTC Chairman Gary Gensler, in the text of a planned speech before the Futures Industry Association's annual conference, took a swipe at Wall Street's objections.

"Let there be no mistake: Wall Street has not been enthusiastic about this reform," Mr. Gensler's speech said. "They would prefer transparency only be brought to the regulators or at most that regulators just publish aggregate trading data rather than real-time trade information."

Credit-default swaps function like insurance for the default of a bond. If a borrower defaults, the CDS holder is paid by the seller of the protection. But traders don't need to own the bonds to buy the protection; instead, they can use CDSs to make "naked" bets on the bonds' direction.

Credit-default swaps: proposed changes

U.S. House legislation (passed in December)

- Routine trading by large derivative traders/dealers would be cleared and traded on regulated platforms
- Grants CFTC, SEC oversight over OTC derivatives, including CDSs; agencies can impose trading limits
- Requires major traders and dealers to adhere to increased capital and margin requirements, steps up reporting, recordkeeping, business conduct standards

Status Must be reconciled with legislation developing in Senate

U.S. Senate 'Volcker rule' legislation

- Bars banks' proprietary trading desks from engaging in "high risk speculation" in financial markets
- Imposes large capital requirements, strict position limits for nonbank financial institutions engaged in speculative trading

Status Introduced Wednesday

Recommendations by CFTC Chairman Gary Gensler

- Give judges power to limit role of CDS holders in bankruptcy
- Limit use of CDS to reduce bank capital requirements

Status Depends on Congress and other regulators

EU Initiatives

- European Commission studying a ban on "naked" CDS
- European lawmakers are debating requiring pushing CDS trading to clearinghouses and exchanges

Status Early stages

Source: The Wall Street Journal reporting, Brian Baskin, Sarah N. Lynch, Stephen Fidler

Despite the mounting move to regulate CDS trade, defenders say CDS buyers often are the smart money who can sniff out problems of, say, a country or company and bet on its decline. They shouldn't be flogged for good investing sense, they say.

"It's like blaming a thermometer for the temperature outside," says Brian Yelvington, director of fixed-income research at Knight Libertas LLC, a Greenwich, Conn., trading firm.

Christopher Iggo, fixed-income chief investment officer at the investment unit of French insurer AXA SA, says he views rising levels of CDS trading as "a gauge of sentiment." But he says that high CDS volume can offer an indication that the negative sentiment is overdone and that there may be an opportunity to invest, rather than as a sign to pile on against an issuer.

Yet political consensus for the need to improve oversight of the CDS industry is growing, as the lack of regulation is viewed as having exacerbated declines in stock or bond prices of companies and countries alike.

Defenders of CDSs also note that, while there is some $25 trillion in notional CDS exposure outstanding, most of those bets cancel each other out, and the amount of money actually at risk amounts to about $2.5 trillion in total, according to data compiled by the Depository Trust & Clearing Corp. There is roughly $80 trillion in debt outstanding around the world.

Also, defenders say, it might be difficult for regulators to identify which CDS uses are purely speculative. For example, a "naked" CDS trade, in which investors buy CDS protection on a borrower without owning that borrower's debt, often is used by large investors as indirect hedges of other risks. Banning such trades outright could lead investors to buy fewer bonds or stocks or lend less—an outcome policy makers might later regret.

In a speech Tuesday, Mr. Gensler noted that some observers have said that "as buyers of credit default swaps had an incentive to see a company fail, they may have engaged in market activity to help undermine an underlying company's prospects."

The near collapse of insurer **American International Group** Inc., which made a series of bad CDS bets, also remains fresh in the memories of many regulators. Some of these people say that, while outright bans on the trading would be inappropriate, other measures could improve the market.

H. Rodgin Cohen, chairman of law firm Sullivan & Cromwell and one of the nation's pre-eminent banking lawyers, said government legislation isn't the solution to curbing the abuse of derivatives on Wall Street.

In a recent speech, he called for improved transparency of the use of derivatives, especially in cases when firms use them solely to make directional bets on the health of a country or company.

"To me, trying to restrict usage by artificial means is never productive," he said in an interview, referring to calls to curb the use of derivatives through legislation.

Legal Notices

PUBLIC NOTICES

IN THE GRAND COURT OF THE CAYMAN ISLANDS FINANCIAL SERVICES DIVISION **CAUSE NO FSD 64 OF 2010**

IN THE MATTER OF SEAGATE TECHNOLOGY AND SEAGATE CAYMAN HOLDINGS AND IN THE MATTER OF SECTIONS 15, 16, 86 AND 87 OF THE COMPANIES LAW (2009 REVISION)

NOTICE IS HEREBY GIVEN that by an Order dated March 2, 2010, (the "**Order**") made in the above matter, the Grand Court of the Cayman Islands (the "**Grand Court**") has directed that Seagate Technology (the "**Company**") convene the following scheme meeting of its ordinary shareholders for the purpose of considering and, if thought fit, approving, with or without condition, modification or amendment, a scheme of arrangement (the "**Scheme of Arrangement**") proposed to be made between the Company, Seagate Technology plc (a public company incorporated in Ireland) and its ordinary shareholders.

The scheme meeting will be held on April 14, 2010 at 11:30 am (pacific time) at the Hilton Santa Cruz, Scotts Valley, 6001 La Madrona Drive, Santa Cruz, California, United States, at which place and time all of the Company's ordinary shareholders as at the record date of March 4, 2010, are requested to attend and vote thereat. Attendance and voting at the scheme meeting can be in person or by proxy in accordance with the voting instructions set out in the Proxy Statement.

Any person entitled to attend the scheme meeting can obtain a copy of the Scheme of Arrangement, together with the relevant proxy card and an explanatory Proxy Statement from Seagate's Investor Relations department either by mail at Seagate Technology, 920 Disc Drive, Mail Stop SV01D4, Scotts Valley, California 95066, telephone 831-439-5337; email stx@seagate.com or online at www.seagate.com/www/en-us/about/investor_relations/

NOTICE IS FURTHER GIVEN that the Scheme of Arrangement, as well as an interconnected scheme of arrangement involving the merger and dissolution of Seagate Cayman Holdings, will be subject to a subsequent Petition for the sanction of the Grand Court which shall be heard at 10 a.m. Cayman Islands time, on May 14, 2010, as soon thereafter as it may be heard. Any shareholder or creditor of the Company or Seagate Cayman Holdings who wishes to support or oppose the making of any order to the said Petition may appear at the time of hearing by himself or his attorney for that purpose and a copy of the Petition and supporting Affidavit will be furnished to any shareholder or creditor of the Company who requires it, by the undersigned.

Dated the 12 day of March 2010
Maples and Calder, Cayman Islands Attorneys for Seagate Technology and Seagate Cayman Holdings

Shenzhen bank's profit soars

SHANGHAI— **Shenzhen Development Bank** Co.'s net profit for 2009 was 5.03 billion yuan ($736.9 million), more than eight times the year-earlier level, due to lower provisions for bad loans, rapid lending growth and higher fee income.

The midsize Chinese lender, in which U.S. private-equity firm **TPG** Inc. owns a 16.76% stake, aggressively expanded its loan book last year as part of a government-led credit boom to support the economy during the global financial crisis.

In 2008, it posted a net profit of 614 million yuan, following substantial provisions for bad loans and loan write-offs to meet stricter regulations.

Shenzhen Development Bank said Thursday that its outstanding loans totaled 359.6 billion yuan at the end of 2009, up 27% from 283.7 billion yuan at the end of 2008.

With the surge in lending, its net interest income rose 3% to 13 billion yuan last year.

Also, an 80% rebound in China's stock markets helped the bank's net fee and commission income grow 39% to 1.18 billion yuan.

Shenzhen Development Bank said its assets remained solid despite the surge in new loans.

As of Dec. 31, its nonperforming loan ratio stood at 0.68%, unchanged from a year earlier.

Meanwhile, a 1.5 billion-yuan hybrid-bond sale helped the bank's capital-adequacy ratio rise to 8.88% at the end of 2009 from 8.58% at the end of 2008.

A 1.5 billion-yuan hybrid-bond sale helped Shenzhen Development Bank's capital-adequacy ratio rise to 8.88% at the end of 2009 from 8.58% at the end of 2008.

But Shenzhen Development Bank's ratio, which governs the amount banks must hold against risky assets, is still below the minimum 10% requirement for Chinese banks.

Shenzhen Development Bank had been unsuccessful in efforts to raise funds from foreign and local strategic investors in recent years until **Ping An Insurance (Group)** Co. agreed to pay $3.2 billion for an additional 25% stake in the lender in June, which will take its holding to 30%.

Ping An intends to buy TPG's entire stake in Shenzhen Development Bank for 11.45 billion yuan. It also plans to buy as much as 10.7 billion yuan worth of new Shenzhen Development Bank shares in a private placement.

Based on the lender's closing price Thursday of 23.66 yuan, the deal would yield TPG a 12-fold return on the investment it made five years ago, making it one of the most successful exits by a foreign private-equity firm from a Chinese investment.

Once the transaction is completed, the bank's capital-adequacy ratio could rise above 10%, said Shenzhen Development Bank, adding the deal is awaiting approval from China's banking, insurance and securities regulators.

As of the end of last year, Shenzhen Development Bank has 302 branches in China.

—Rose Yu

Bloomberg News

Bank of China Chairman Xiao Gang

Bank of China isn't buying abroad

Continued from page 13

of China said in January that it aims to sell new shares equal to as much as 20% of its existing Hong Kong- and Shanghai-listed shares to increase its capital.

Mr. Xiao said Bank of China hopes to sell new shares in Hong Kong as soon as possible, but the offering still requires shareholder and regulatory approval.

The bank has no intention of buying other lenders to achieve growth, Mr. Xiao said. "We don't have any plan or intent to make either foreign or local acquisitions," he said. "Our overseas expansion plans will rely on our own strengths."

Still, he said Bank of China is intent on growing just as quickly abroad as it is at home, maintaining revenue from its overseas operations at more than 20% of the total in coming years. That is slightly higher than the 19% of total revenue from foreign business lines in 2008, according to Yuanta Securities banking analyst Ming Tan. Data for 2009 weren't available.

Mr. Ming said the financial crisis kept the 2008 level lower than the previous four years, when the figure was above 25%. He said most of Bank of China's overseas revenue comes from Hong Kong and Macau.

Bank of China has in fact made no major overseas purchases, although other Chinese banks have. Industrial & Commercial Bank of China Ltd. bought 20% of South Africa's Standard Bank Group in 2007, and more recently was cleared by the Thailand government to take a controlling stake in ACL Bank PLC.

Separately Thursday, Liu Mingkang, chairman of the China Banking Regulatory Commission, urged banks to "grasp the opportunities the global financial crisis may offer for China's economic and banking development." On its Web site Thursday, the regulator said asset quality of the country's five biggest banks is relatively high compared with that of their international peers, but also warned against an "increasingly complex" international financial environment.

—Victoria Ruan contributed to this article.

U.S. corporate bonds spring back to life

Continued from page 13

bond market also helped debt sold directly by governments. The cost to insure against default declined for the debt of countries including Greece, according to CMA Datavision.

A generally improving economy and a rebound in corporate profits have made it more likely that companies will pay back their debts, making their bonds more attractive to investors.

At the same time, lingering doubts about the strength of the economic recovery are prompting the Federal Reserve to keep short-term interest rates at historic lows, making it unattractive for investors to stay in cash.

Investors are also leery of fully investing in stocks, given the uncertainties and two snarling bear markets in the past decade. So they are chasing higher returns in the bond market, where many solvent companies are still paying relatively high interest rates on their new debt.

Some $375.4 billion flowed into bond mutual funds last year, compared with an $8.7 billion outflow from equity funds, according to data compiled by the Investment Company Institute. This means there is plenty of investor cash available to absorb all of the new debt flooding the market.

"The market has definitely found its footing," said Andrew Feltus, fund manager at Pioneer Investments. "Fund inflows are there again and deals are flying off the shelf."

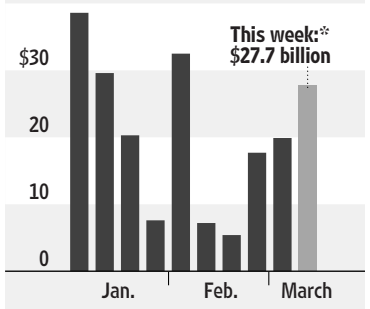
While the demand seems sustainable, the corporate-bond market's rally remains dependent on the U.S. economy's continued recovery, Moody's Mr. Lonski said. "The credit market is risking a reversal in the event that forthcoming economic releases disappoint."

Investors' thirst for riskier, higher-yielding debt invigorated the so-called junk bond market. Besides GMAC, which sold $1.5 billion in new notes Wednesday, MGM Mirage, a company that teetered on the edge of insolvency last year, on Tuesday sold $845 million of secured notes at a yield of just 9%.

The rebound in the corporate-bond market is gaining attention because the rally is more aggressive than that seen in the stock or commodities markets—areas that typically benefit when investors' tolerance for risk increases. Credit markets are often seen as leaders in market trends, most notably during the financial crisis, when bond investors acted far more quickly than stock investors.

Bond rebound

Weekly issuance of corporate bonds, by volume (in billions)



*Through Wednesday, all other weeks end on Fridays

Source: Dealogic

Within the stock market, some demand for risk seems to be quickening. Since the end of February, the Russell 2000 small-stock index is up 7.4%, compared with a 2.3% gain for the Dow Jones Industrial Average. Stocks with smaller market capitalizations are seen as more volatile than the larger stocks that make up the Dow.

Signs of life also appeared in the initial-public-offering market. Baltic Trading Ltd. on Tuesday became the first company in two months to price a U.S. IPO within its expected range, a sign that investors may be willing to take more chances on new stocks.

The shares fell slightly on their debut Wednesday and opened Thursday at $13.89, down 0.5%.

On Wednesday, a second company, Netherlands-based **Sensata Technologies Holding** B.V., also priced an IPO within its expected range. The stock was up 3.6% on Thursday morning in New York.

The $569 million sale was the biggest U.S.-listed offering so far in 2010 and the largest since Cobalt International Energy Inc. raised $850 million in December.

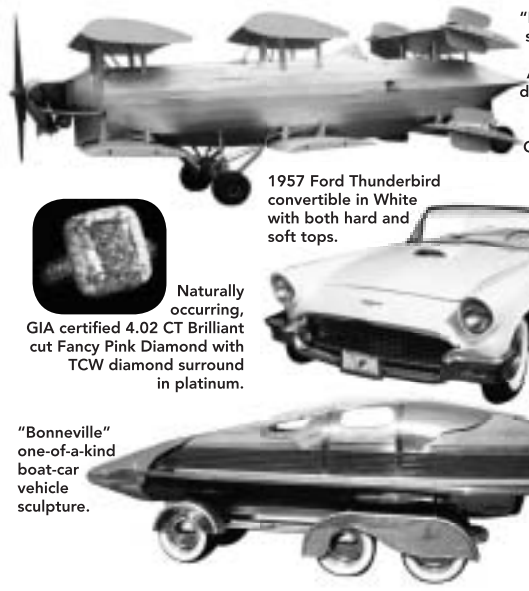
The European primary bond market has also been busy. Sentiment continues to improve in the credit market there following Greece's well-received €5 billion ($6.83 billion) 10-year note offering last week. After a fairly muted start to the year, non-financial issuers were back in force on the continent this week, with €4.2 billion of new company issuance Monday and Tuesday.

—Mark Gongloff, Kellie Geressy-Nilsen and Conor Dougherty contributed to this article.

THE MART

AUCTIONS

RED BARON'S AUCTION
MARCH 13TH & 14TH



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AVIATION

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MARCH 18, 10:00 AM
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www.jetcraft.com

Falcon 900B, SN 40
Falcon 50, SN 159
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Treasury prices head higher after auction

By Kejal Vyas

NEW YORK—Prices of U.S. Treasurys recovered from early weakness Thursday after a strong auction capped the last leg of the government's $74 billion of securities sales this week.

Thursday's auction of $13 billion in 30-year bonds came in at a yield of 4.679%, compared with the 4.69% just before the sale. The bid-to-cover ratio was 2.89, compared with 2.36 in February and 2.68 in January. The average was 2.44 from the past four auctions.

U.S. CREDIT MARKETS

The 30-year note led the buying in Treasurys in afternoon trade.

Shortly after the auction, the two-year Treasury note was down 2/32 to yield 0.939%. The 10-year note rose 2/32 to yield 3.716%, and the 30-year bond advanced 17/32 to yield 4.658%. Bond prices move inversely to yields.

Investors are already looking ahead to next week's interest-rate setting Federal Reserve meeting. No change to the near-zero federal-funds rate is expected, but some investors are betting the central bank could tweak its statement to reflect a rosier economic outlook.

Interest-rate futures show investors are placing 84% odds that the Fed will start raising rates in November, up from 80% Wednesday, amid expectations of a solid jobs report for March.

Securitized deals stall in Australia

By Geoffrey Rogow

SYDNEY—The recovery in Australia's securitization market has stalled, partly because investors are wary of buying the high-yielding, high-risk securities offered as part of these deals.

While much of the rest of the world limps out of the global recession, Australia's robust financial sector and economy have helped restart the local market for pooling debt into securities for resale. Nearly 10 billion Australian dollars (US$9.15 billion) in mortgage-backed securities have been sold since September, with strong investor appetite allowing arrangers to sell the paper at ever-smaller yield premiums and increase the size of several deals.

BOND MARKETS

But few are willing to buy the higher-risk, higher-reward subordinated securities that sustain the first losses should there be a default on the underlying mortgages.

Given that Australia's economy is growing rapidly and home prices are rising, it indicates it will be a long time before this form of financing returns to the mainstream across the globe.

Banks have had to keep the higher-risk tranches on their balance sheets to get deals done. This is likely to be the case again in the latest offering from **Bendigo & Adelaide Bank**, which said Wednesday it will offer A$650 million of mortgage-backed securities. It is expected to price next week.

"The majority of the interest has been really at the class-A level of the deals being converted," a spokesman for the bank said.

Even on top-rated home-mortgage securitized debt, investors aren't yet willing to accept significantly smaller premiums, or spreads, over swaps. The yield spread has narrowed to around 1.30 percentage points to 1.35 percentage points from more than three percentage points at the depths of the credit crisis, but is still much wider than the 0.30 percentage point before the global financial crisis.

Elsewhere, Philippine-listed port operator **International Container Terminal Services** Inc. priced $250 million in 10-year bonds, becoming the latest among Asian issuers to raise funds abroad.

ICTSI priced its bond at par to yield 7.375%, or 3.654 percentage point over the 10-year U.S. Treasury yield. That was at the low end of final guidance of between 7.375% and 7.5%, which already was tightened from around 7.5%.

HSBC Holdings and J.P. Morgan Chase were in charge of the sale.

—Ditas Lopez in Singapore contributed to this article

Japanese bonds

Yields on Japanese government bonds rose as an upturn in Tokyo shares prodded domestic investors into selling haven assets, but analysts said a drop in debt prices could be short-lived.

Amid growing expectations that the Bank of Japan will soon take additional monetary easing measures, demand for medium-maturity bonds likely will remain solid, which in turn may help push long-dated yields lower. The benchmark 10-year yield rose 0.015 percentage point to 1.315%.

Many market participants think Japan's central bank will begin discussing additional steps to combat deflation at its two-day policy board meeting that ends Wednesday.

The government's auction of five-year debt was in line with expectations.

—Tomoyuki Tachikawa

FUND SCORECARD

U.S. Small-Cap Equity

Funds that invest primarily in the equities of small-cap U.S. companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 11, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
3	**Danske Invest US Small Cap Value K**	Sampo Rahastoyhtiö Oy	EUR	Finland	**7.63**	123.53	7.27	2.36
3	**Gartmore Fledgling Trust**	Gartmore Investment Ltd.	GBP	United Kingdom	**-7.65**	120.54	-4.98	-2.60
2	**Manulife GF US Small Cap Eq AA**	Manulife Global Fund	USD	Luxembrg	**12.69**	120.47	-1.49	NS
2	**Dimensional US Sm Company B EUR**	Dimensional Fund Advisors Ltd. (Ireland)	EUR	Ireland	**8.04**	106.85	1.10	1.24
3	**F&C US Smaller Companies 1**	F&C Fund Management Ltd	GBP	United Kingdom	**6.01**	106.03	8.80	2.94
3	**F&C American Smaller Comp Fd Acc**	F&C Fund Management Ltd	USD	Luxembrg	**5.58**	103.77	8.31	2.78
4	**Wanger US Smaller Companies**	Wanger Investment company PLC	USD	Ireland	**6.51**	102.31	6.36	3.07
3	**Fortis L Equity Small Caps USA Acc**	Fortis Investments (BE)	USD	Luxembrg	**7.42**	101.59	1.51	2.09
3	**Vanguard US Discoveries Inv Acc**	Vanguard Investment Europe Sa	USD	Ireland	**12.01**	98.87	8.49	4.24
2	**Janus US Venture A EUR**	Janus Capital Funds Plc	EUR	Ireland	**1.48**	96.31	-7.15	2.76

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
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AllianceBernstein									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/10	USD	10.70	3.2	61.1	-5.9
Am Eq Blend B	US	EQ	LUX	03/10	USD	10.03	2.9	59.5	-6.9
Am Growth A	US	EQ	LUX	03/10	USD	31.54	1.0	56.7	3.8
Am Growth AX	US	EQ	LUX	03/10	USD	34.08	1.1	57.6	4.4
Am Growth B	US	EQ	LUX	03/10	USD	26.47	0.8	55.2	2.7
Am Growth C	US	EQ	LUX	03/10	USD	28.51	0.9	56.0	3.4
Am Growth I	US	EQ	LUX	03/10	USD	35.00	1.1	57.9	4.6
Am Income A	US	BD	LUX	03/10	USD	8.55	2.4	32.5	7.2
Am Income A2	US	BD	LUX	03/10	USD	19.53	2.6	32.6	7.2
Am Income A2	OT	OT	NA	03/10	HKD	151.53	2.6	32.6	7.2
Am Income AT	OT	OT	NA	03/10	HKD	66.34	2.6	32.7	7.3
Am Income AT	US	BD	LUX	03/10	USD	8.55	2.6	32.7	7.3
Am Income B	US	BD	LUX	03/10	USD	8.55	2.3	31.4	6.4
Am Income B2	US	BD	LUX	03/10	USD	16.81	2.4	31.6	6.5
Am Income B2	OT	OT	NA	03/10	HKD	130.43	2.4	31.6	6.5
Am Income BT	OT	OT	NA	03/10	HKD	66.65	2.4	31.7	6.5
Am Income BT	US	BD	LUX	03/10	USD	8.59	2.4	31.7	6.5
Am Income C	US	BD	LUX	03/10	USD	8.55	2.3	31.8	6.7
Am Income C2	US	BD	LUX	03/10	USD	25.02	2.5	32.0	6.7
Am Income I	US	BD	LUX	03/10	USD	8.55	2.5	33.3	7.9
Am Value A	US	EQ	LUX	03/10	USD	8.79	3.0	49.5	-6.0
Am Value B	US	EQ	LUX	03/10	USD	8.07	2.8	47.8	-7.0
Am Value C	US	EQ	LUX	03/10	USD	8.78	2.9	48.8	-6.5
Am Value I	US	EQ	LUX	03/10	USD	9.47	3.2	50.6	-5.3
Emg Mkts Debt A	GL	BD	LUX	03/10	USD	15.94	3.6	51.9	9.8
Emg Mkts Debt A2	GL	BD	LUX	03/10	USD	20.86	3.7	51.9	9.9
Emg Mkts Debt AT	GL	BD	LUX	03/10	USD	16.01	3.7	52.0	10.0
Emg Mkts Debt B	GL	BD	LUX	03/10	USD	15.94	3.4	50.5	8.8
Emg Mkts Debt B2	GL	BD	LUX	03/10	USD	20.05	3.6	50.4	8.8
Emg Mkts Debt BT	GL	BD	LUX	03/10	USD	15.99	3.6	50.4	8.8
Emg Mkts Debt C	GL	BD	LUX	03/10	USD	15.94	3.5	51.2	9.4
Emg Mkts Debt C2	GL	BD	LUX	03/10	USD	20.48	3.6	51.3	9.4
Emg Mkts Debt I	GL	BD	LUX	03/10	USD	15.94	3.6	52.6	10.4
Emg Mkts Growth A	GL	EQ	LUX	03/10	USD	34.60	-0.1	88.8	-7.9
Emg Mkts Growth B	GL	EQ	LUX	03/10	USD	29.27	-0.3	86.9	-8.8
Emg Mkts Growth C	GL	EQ	LUX	03/10	USD	29.97	-0.2	87.9	-8.3
Emg Mkts Growth I	GL	EQ	LUX	03/10	USD	38.42	0.0	90.3	-7.2
Eur Growth A	OT	OT	LUX	03/10	USD	9.82	2.3	45.8	-9.5
Eur Growth A	OT	OT	LUX	03/10	EUR	7.19	2.3	45.8	-9.5
Eur Growth B	OT	OT	LUX	03/10	EUR	6.45	2.1	44.3	-10.4
Eur Growth B	OT	OT	LUX	03/10	USD	8.81	2.1	44.3	-10.4
Eur Growth C	EU	EQ	LUX	03/10	EUR	5.44	2.1	45.1	-10.0
Eur Growth I	OT	OT	LUX	03/10	USD	10.72	2.3	47.0	-8.8
Eur Growth I	OT	OT	LUX	03/10	EUR	7.85	2.3	47.0	-8.8
Eur Income A	OT	OT	LUX	03/10	EUR	6.78	3.7	57.2	7.8
Eur Income A	OT	OT	LUX	03/10	USD	9.26	3.7	57.2	7.8
Eur Income A2	OT	OT	LUX	03/10	EUR	13.38	4.0	57.2	7.8
Eur Income A2	OT	OT	LUX	03/10	USD	18.27	4.0	57.2	7.8
Eur Income AT	EU	BD	LUX	03/10	EUR	6.78	4.0	57.3	7.8
Eur Income B	OT	OT	LUX	03/10	EUR	6.78	3.6	56.3	7.1
Eur Income B	OT	OT	LUX	03/10	USD	9.26	3.6	56.3	7.1
Eur Income B2	OT	OT	LUX	03/10	EUR	12.42	3.8	56.0	7.0
Eur Income B2	OT	OT	LUX	03/10	USD	16.96	3.8	56.0	7.0
Eur Income BT	EU	BD	LUX	03/10	EUR	6.78	3.8	56.0	7.1
Eur Income C	OT	OT	LUX	03/10	EUR	6.78	3.6	56.6	7.3
Eur Income C	OT	OT	LUX	03/10	USD	9.26	3.6	56.6	7.3
Eur Income C2	OT	OT	LUX	03/10	EUR	13.32	3.8	56.3	7.3
Eur Income C2	OT	OT	LUX	03/10	USD	18.18	3.8	56.3	7.3
Eur Income I	OT	OT	LUX	03/10	EUR	6.78	3.8	58.0	8.4
Eur Income I	OT	OT	LUX	03/10	USD	9.26	3.8	58.0	8.4
Eur Strat Value A	OT	OT	LUX	03/10	EUR	8.66	1.5	54.4	-13.2
Eur Strat Value A	OT	OT	LUX	03/10	USD	11.82	1.5	54.4	-13.2
Eur Strat Value I	OT	OT	LUX	03/10	EUR	8.88	1.6	55.5	-12.4
Eur Strat Value I	OT	OT	LUX	03/10	USD	12.12	1.6	55.5	-12.4
Eur Value A	OT	OT	LUX	03/10	EUR	9.30	1.1	57.6	-9.4
Eur Value A	OT	OT	LUX	03/10	USD	12.70	1.1	57.6	-9.4
Eur Value B	OT	OT	LUX	03/10	USD	11.66	0.9	56.1	-10.3
Eur Value B	OT	OT	LUX	03/10	EUR	8.54	0.9	56.1	-10.3
Eur Value C	OT	OT	LUX	03/10	USD	12.26	1.0	57.0	-9.9
Eur Value C	OT	OT	LUX	03/10	EUR	8.98	1.0	57.0	-9.9
Eur Value I	OT	OT	LUX	03/10	USD	14.69	1.3	58.9	-8.7
Eur Value I	OT	OT	LUX	03/10	EUR	10.76	1.3	58.9	-8.7
Gl Balanced (Euro) A	OT	OT	LUX	03/10	USD	16.04	2.4	38.7	-5.3
Gl Balanced (Euro) B	OT	OT	LUX	03/10	USD	15.60	2.3	37.4	-6.2
Gl Balanced (Euro) C	OT	OT	LUX	03/10	USD	15.90	2.4	38.4	-5.6
Gl Balanced (Euro) I	OT	OT	LUX	03/10	USD	16.36	2.6	NS	NS
Gl Balanced A	US	BA	LUX	03/10	USD	16.59	0.7	43.3	-6.2
Gl Balanced B	US	BA	LUX	03/10	USD	15.75	0.5	41.9	-7.1
Gl Balanced C	OT	OT	LUX	03/10	USD	16.34	0.6	43.0	-6.4
Gl Balanced C	OT	OT	LUX	03/10	EUR	11.97	0.6	43.0	-6.4
Gl Balanced I	US	BA	LUX	03/10	USD	17.23	0.8	44.3	-5.5
Gl Bond A	US	BD	LUX	03/10	USD	9.38	2.2	18.7	5.2
Gl Bond A2	US	BD	LUX	03/10	USD	16.37	2.2	18.6	5.1
Gl Bond A2	OT	OT	NA	03/10	HKD	127.01	2.2	18.6	5.1
Gl Bond AT	OT	OT	LUX	03/10	HKD	72.70	2.3	18.6	5.1
Gl Bond AT	US	BD	LUX	03/10	USD	9.37	2.3	18.6	5.1
Gl Bond B	US	BD	LUX	03/10	USD	9.38	2.0	17.5	4.1
Gl Bond B2	US	BD	LUX	03/10	USD	14.31	2.1	17.4	4.0
Gl Bond B2	OT	OT	NA	03/10	HKD	111.03	2.1	17.4	4.0
Gl Bond BT	OT	OT	LUX	03/10	HKD	72.93	2.0	17.4	4.0
Gl Bond BT	US	BD	LUX	03/10	USD	9.40	2.0	17.4	4.0
Gl Bond C	US	BD	LUX	03/10	USD	9.38	2.1	18.2	4.7
Gl Bond C2	US	BD	LUX	03/10	USD	14.19	2.2	18.1	4.6
Gl Bond I	US	BD	LUX	03/10	USD	9.38	2.3	19.3	5.7
Gl Conservative A	US	BA	LUX	03/10	USD	14.95	1.0	26.2	-1.5
Gl Conservative A2	US	BA	LUX	03/10	USD	17.11	1.1	26.3	-1.5
Gl Conservative B	US	BA	LUX	03/10	USD	14.95	0.8	24.9	-2.5
Gl Conservative B2	US	BA	LUX	03/10	USD	16.22	0.8	25.0	-2.5
Gl Conservative C	US	BA	LUX	03/10	USD	14.95	1.0	25.7	-1.9
Gl Conservative C2	US	BA	LUX	03/10	USD	16.72	1.0	25.7	-1.9
Gl Conservative I	US	BA	LUX	03/10	USD	15.02	1.2	27.3	-0.7
Gl Eq Blend A	GL	EQ	LUX	03/10	USD	11.61	-0.4	61.3	-14.6
Gl Eq Blend B	GL	EQ	LUX	03/10	USD	10.88	-0.6	59.8	-15.5
Gl Eq Blend C	GL	EQ	LUX	03/10	USD	11.39	-0.6	60.4	-15.0
Gl Eq Blend I	GL	EQ	LUX	03/10	USD	12.27	-0.2	62.7	-13.9
Gl Growth A	GL	EQ	LUX	03/10	USD	41.93	0.0	54.9	-15.0
Gl Growth B	GL	EQ	LUX	03/10	USD	34.93	-0.1	53.3	-15.9
Gl Growth C	GL	EQ	LUX	03/10	USD	40.20	0.0	54.2	-15.4
Gl Growth I	GL	EQ	LUX	03/10	USD	46.62	0.2	56.1	-14.3
Gl High Yield A	US	BD	LUX	03/10	USD	4.44	3.9	71.2	8.3
Gl High Yield A2	US	BD	LUX	03/10	USD	9.65	4.2	71.1	8.2
Gl High Yield A2	OT	OT	NA	03/10	HKD	74.87	4.2	71.1	8.2
Gl High Yield AT	OT	OT	NA	03/10	HKD	34.22	4.4	71.2	8.3
Gl High Yield AT	US	BD	LUX	03/10	USD	4.41	4.4	71.2	8.3
Gl High Yield B	US	BD	LUX	03/10	USD	4.44	3.7	69.1	7.0
Gl High Yield B2	US	BD	LUX	03/10	USD	15.49	4.1	69.5	7.2
Gl High Yield B2	OT	OT	NA	03/10	HKD	120.18	4.1	69.5	7.2
Gl High Yield BT	OT	OT	NA	03/10	HKD	34.76	3.9	69.4	7.2
Gl High Yield BT	US	BD	LUX	03/10	USD	4.48	3.9	69.4	7.2
Gl High Yield C	US	BD	LUX	03/10	USD	4.44	3.8	70.3	7.7
Gl High Yield C2	US	BD	LUX	03/10	USD	14.30	4.2	70.4	7.8
Gl High Yield I	US	BD	LUX	03/10	USD	4.44	4.0	72.3	9.0
Gl Thematic Res. A	OT	OT	LUX	03/10	USD	14.91	1.2	82.9	1.4
Gl Thematic Res. B	OT	OT	LUX	03/10	USD	13.02	1.0	81.1	0.4
Gl Thematic Res. I	OT	OT	LUX	03/10	USD	16.65	1.3	84.4	2.2
Gl Value A	GL	EQ	LUX	03/10	USD	11.04	-0.9	68.3	-14.2
Gl Value B	GL	EQ	LUX	03/10	USD	10.13	-1.1	66.6	-15.1
Gl Value C	GL	EQ	LUX	03/10	USD	10.72	-1.0	67.5	-14.6
Gl Value I	GL	EQ	LUX	03/10	USD	11.76	-0.8	69.7	-13.6
Greater China A	AS	EQ	LUX	03/10	USD	39.30	-1.8	64.6	-6.7
Greater China B	AS	EQ	LUX	03/10	USD	34.71	-2.0	63.0	-7.6
Greater China C	AS	EQ	LUX	03/10	USD	38.77	-1.9	63.9	-7.1
India Growth A	OT	OT	LUX	03/10	USD	129.55	2.1	NS	NS
India Growth AX	OT	OT	LUX	03/10	USD	113.30	2.1	133.5	1.5
India Growth B	OT	OT	LUX	03/10	USD	135.46	1.9	NS	NS
India Growth BX	OT	OT	LUX	03/10	USD	96.67	1.9	131.2	0.5
India Growth I	EA	EQ	LUX	03/10	USD	117.53	2.2	134.5	1.9
Int'l Health Care A	OT	EQ	LUX	03/10	USD	142.68	3.8	39.6	-1.4
Int'l Health Care B	OT	EQ	LUX	03/10	USD	120.12	3.6	38.2	-2.4
Int'l Health Care C	OT	EQ	LUX	03/10	USD	136.62	3.7	39.0	-1.9
Int'l Health Care I	OT	EQ	LUX	03/10	USD	156.12	3.9	40.8	-0.6
Int'l Technology A	OT	EQ	LUX	03/10	USD	111.02	0.6	68.3	-0.9
Int'l Technology B	OT	EQ	LUX	03/10	USD	96.02	0.4	66.6	-1.9
Int'l Technology C	OT	EQ	LUX	03/10	USD	107.19	0.5	67.6	-1.4
Int'l Technology I	OT	EQ	LUX	03/10	USD	124.67	0.8	69.7	-0.1
Japan Eq Blend A	JP	EQ	LUX	03/10	JPY	6035.00	0.2	38.4	-13.9
Japan Eq Blend B	JP	EQ	LUX	03/10	JPY	5812.00	0.0	37.0	-14.8
Japan Eq Blend C	JP	EQ	LUX	03/10	JPY	5933.00	0.1	37.7	-14.3
Japan Growth A	JP	EQ	LUX	03/10	JPY	5732.00	-2.4	26.5	-16.0
Japan Growth B	JP	EQ	LUX	03/10	JPY	5520.00	-2.6	25.2	-16.8
Japan Growth C	JP	EQ	LUX	03/10	JPY	5636.00	-2.5	25.9	-16.3
Japan Strat Value A	JP	EQ	LUX	03/10	JPY	6294.00	2.8	50.1	-12.2
Japan Strat Value B	JP	EQ	LUX	03/10	JPY	6068.00	2.7	48.7	-13.1
Japan Strat Value C	JP	EQ	LUX	03/10	JPY	6183.00	2.7	49.4	-12.6
Real Estate Sec. A	OT	EQ	LUX	03/10	USD	14.59	1.7	90.5	-8.3
Real Estate Sec. B	OT	EQ	LUX	03/10	USD	13.31	1.4	88.5	-9.2
Real Estate Sec. I	OT	EQ	LUX	03/10	USD	15.70	1.8	91.9	-7.6
Short Mat Dollar A	US	BD	LUX	03/10	USD	7.30	1.0	15.8	-2.4
Short Mat Dollar A2	US	BD	LUX	03/10	USD	9.89	1.0	15.7	-2.5
Short Mat Dollar AT	US	BD	LUX	03/10	USD	7.29	1.2	15.9	-2.4
Short Mat Dollar B	US	BD	LUX	03/10	USD	7.30	0.9	15.3	-2.8
Short Mat Dollar B2	US	BD	LUX	03/10	USD	9.84	1.0	15.2	-2.9
Short Mat Dollar BT	OT	OT	LUX	03/10	USD	7.30	0.9	NS	-3.1
Short Mat Dollar C	US	BD	LUX	03/10	USD	7.30	0.9	15.3	-2.8
Short Mat Dollar C2	US	BD	LUX	03/10	USD	13.91	1.0	15.2	-2.9
Short Mat Dollar I	US	BD	LUX	03/10	USD	7.30	1.1	16.4	-1.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund L Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC Private Banking & Wealth Management Group									
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/10	USD	108.45	8.5	31.6	24.1
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/09	USD	39.21	-3.8	-55.8	-17.3
Superfund GCT USD*	GL	EQ	LUX	03/09	USD	2103.00	-4.2	-44.3	-13.6
Superfund Green Gold A (SPC)	OT	OT	CYM	03/09	USD	956.45	-0.8	-22.6	-7.9
Superfund Green Gold B (SPC)	OT	OT	CYM	03/09	USD	915.01	-2.2	-37.3	-14.6
Superfund Q-AG*	OT	OT	AUT	03/09	EUR	6541.00	-1.2	-27.4	-4.6
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
Allianz Global Investors									
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/11	EUR	51.84	-0.6	70.1	-2.7
Industria AE	EU	EQ	DEU	03/11	EUR	71.96	1.7	56.1	-9.7
InternRent AE	EU	BD	DEU	03/11	EUR	37.41	6.8	6.8	11.2
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/05	USD	304665.23	11.0	145.8	12.9

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INTERNATIONAL INVESTOR

China worries hit U.S., Europe stocks

By Kristina Peterson And Donna Kardos Yesalavich

NEW YORK—U.S. stocks eased amid disappointing domestic jobs data and concerns over the impact of a potential monetary tightening in China weighed.

The Dow Jones Industrial Average was down 8.77 points, or 0.1%, to 10558.56, in midday trading. The Dow's industrial and more economically sensitive components were among its worst performers, with **3M** down 1%, **Caterpillar** off 0.7% and **General Electric** down 0.8%.

ABREAST OF THE MARKET

The Nasdaq Composite edged down 0.1% to 2355.73. The Standard & Poor's 500-stock index fell 0.2% to 1143.58, with all of its sectors in the red, led by industrials and consumer staples.

The materials sector also was weak on concerns about how demand might be impacted by tightening in China after a higher-than-expected 2.7% rise in its consumer-price index for February. China also said industrial production during the first two months of the year expanded 20.7% from a year earlier, picking up from an 18.5% rise in December and higher than the 19.5% rise economists had expected.

"Inflation is certainly an issue there," said Jim Paulsen, chief investment strategist at Wells Capital Management. Still, he added, "I think it's a much better situation for the U.S. ultimately to have a China that has an overgrowth problem than one that has an undergrowth problem."

Among U.S. reports, the number of idled U.S. workers applying for jobless benefits fell by 6,000 last week, a positive sign for the labor market and the economy, although the weekly decline was smaller than the 9,000 drop economists had expected.

Devon Energy climbed 1.3% as U.K. oil major **BP** agreed to buy its international and deepwater Gulf of Mexico portfolio in a $7 billion deal. BP eased 0.2% in London.

European stocks

Mining shares fell as investors fretted about possible policy shifts in China, the main driver of recent global growth.

The pan-European Stoxx 600 index declined 0.3% to 257.55, while the U.K.'s FTSE 100 index fell 0.4% to 5617.26, France's CAC-40 index declined 0.4% to 3928.98, and Germany's DAX eased 0.1% to 5928.63.

Miners **BHP Billiton** fell 2.1% and **Rio Tinto** lost 1.6%, both in London.

Volkswagen preference shares gained 7.7% as the German auto giant said it expects a slight recovery in the global automotive market this year.

—Sarah Turner contributed to this article.

Dollar weakens on mixed data for U.S. trade

By Bradley Davis

NEW YORK—The dollar weakened slightly on the euro and yen after a U.S. trade report fed both optimism and pessimism about the pace of the U.S. economic recovery.

The euro initially jumped after the trade deficit unexpectedly narrowed, but it reversed course after investors dug into the details of the report, such as the 0.3% decline in exports and the 1.7% decline in imports.

CURRENCY MARKETS

"The breakdown once you go past the headline is the trade figures don't look as good," said Stuart Bennett, senior currency strategist at Crédit Agricole CIB in London.

By midday in New York, the euro was still higher, at $1.3669 from $1.3651 late Wednesday. The dollar moved to 90.51 yen from 90.54 yen. The euro hit 123.72 yen from 123.59 yen. The pound strengthened to $1.5048 from $1.4970. The dollar weakened to 1.0694 Swiss francs from 1.0704 francs.

The pound advanced on the dollar after a Bank of England survey pointed to slightly higher inflation in the next 12 months. "While it is highly possible that the Bank of England will discount the reading based upon its own analysis, investors assumed a closer end to easy money and helped fuel a gain for the pound," said Andrew Wilkinson, senior market analyst at Interactive Brokers in Greenwich, Conn.

Tech shares lift Tokyo; China CPI muffles trade

By Brad Frischkorn And Colin Ng

TOKYO—Japanese stocks rose Thursday as stronger overseas markets and a weaker yen set the table for a bullish performance, led by **Sony** and other tech-related shares.

The Nikkei Stock Average of 225 companies rose 1% to 10664.95, finishing both at its intraday high and high point for the week. Expectations for improving corporate earnings were also supporting stocks, one trader said.

ASIAN-PACIFIC STOCKS

Unlike those in some Asian markets, Japan stocks weren't noticeably affected by quickening inflation in China, where the February consumer-price index, released midday, came in above median expectations.

Tech bellwethers such as Sony and **Kyocera** helped pace the upside for the Nikkei, adding 1.9% and 1.2%, respectively. Mizuho Investors Securities analyst Nobuo Kurahashi applauded Sony's more-aggressive stance on its new TV-product lineup, as well as a report that Sony Pictures Entertainment will begin a service for watching movies on cellphones. Sony's shares have risen almost 11% over the past five sessions.

A Nikkei report that Brazilian mining giant Vale has proposed a price increase of more than 90% for iron ore in negotiations with Japanese steel makers proved to be a double-edged sword. **Nippon Steel** fell 1.2% and **JFE Holdings** lost 1%. On the other hand, trading houses gained on hopes for higher ore prices. **Mitsui & Co.** added 2.7%, **Itochu** rose 2.2% and **Marubeni** gained 1.1%.

Maritime shippers also fared well. **Kawasaki Kisen** rose 1.4% on a report that pretax losses at its container-ship operations are expected to shrink in the next fiscal year.

Most other Asian markets moved less than 1% either up or down as the Chinese economic data sparked fresh worries of further tightening measures from Beijing.

Commodity stocks in China were hurt, with **Aluminum Corp. of China** dropping 0.9% in Hong Kong and 1.1% in Shanghai, while **Jiangxi Copper** dropped 1.1% in Hong Kong and 1.5% in Shanghai.

Property stocks also weakened. **Agile Property Holdings** slid 2% and **Guangzhou R&F Properties** dropped 1.6% in Hong Kong.

China's consumer-price index rose a faster-than-expected 2.7% in February from a year earlier, quickening from January's 1.5% rise. The rise in CPI and a robust 20.7% jump in January-February industrial output fueled concerns of further credit tightening.

In Seoul, **Hyundai Motor** fell 2.2% and **Kia Motors** shed 1.8% on profit-taking. Bucking the trend was **Korea Exchange Bank**, which climbed 4.8% after an official said Wednesday that Dallas-based private-equity firm Lone Star Funds planned to hire an adviser for the sale of its stake in the bank.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/05	USD	1300.56	4.6	29.6	-5.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/08	JPY	14500.48	-6.6	70.7	2.6
GAM Asia Equity Hedge US	OT	OT	VGB	03/08	USD	271.06	-6.6	74.9	3.9
GAM Asia Equity USD	OT	OT	VGB	03/10	USD	643.63	-1.6	86.4	-6.0
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/09	USD	1328.80	3.6	54.4	-9.6
GAM Com Glb Bal EUR Op	US	BA	VGB	02/26	EUR	96.23	-0.6	22.8	-7.5
GAM Com Glb Bal USD Op	US	BA	VGB	02/26	USD	127.05	-0.6	22.8	-7.5
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/26	EUR	98.45	-2.0	36.5	-13.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/26	USD	124.92	-2.0	36.5	-13.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/26	EUR	87.09	-1.7	25.7	-11.2
GAM Comp Glb Gr USD Op	US	BA	VGB	02/26	USD	124.96	-1.7	25.7	-11.2
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/05	USD	256.35	3.1	63.1	-4.9
GAM Cross Trading Inc	OT	OT	VGB	02/26	USD	460.25	-1.2	3.0	1.5
GAM Diversity CHF Op	OT	OT	VGB	02/26	CHF	93.96	-0.4	3.2	-6.2
GAM Diversity EUR Op	OT	OT	VGB	02/26	EUR	646.71	-0.3	3.8	-4.7
GAM Diversity USD 2.5XL	OT	OT	VGB	02/26	USD	77.49	-1.0	6.9	-17.8
GAM Diversity USD Op	OT	OT	VGB	02/26	USD	679.15	-0.3	3.9	-5.3
GAM Dvrsty II CHF Op	OT	OT	VGB	02/26	CHF	99.14	-0.4	2.6	-5.8
GAM Dvrsty II EUR Op	OT	OT	VGB	02/26	EUR	138.37	-0.3	2.9	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	02/26	USD	209.57	-0.3	3.2	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	02/26	EUR	115.18	-0.3	2.9	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	02/26	USD	121.64	-0.3	3.1	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/08	EUR	223.19	2.0	16.8	-0.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/08	USD	207.03	1.8	18.0	0.7
GAM European Equity USD	OT	OT	VGB	03/09	USD	279.81	-4.6	60.4	-10.3
GAM GAMCO	OT	EQ	VGB	03/09	USD	852.06	5.1	95.2	-4.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/08	EUR	98.86	1.0	14.7	-14.9
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/08	USD	104.34	1.1	16.0	-14.1
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/08	USD	255.28	2.2	52.4	-3.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/08	USD	269.27	-6.1	111.0	22.3
GAM Intrst Trend II	GL	BD	VGB	03/08	USD	108.29	15.0	90.0	-0.5
GAM Intrst Trend Inc	OT	OT	VGB	03/08	USD	288.46	14.7	110.5	1.3
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/08	EUR	125.31	7.4	27.7	1.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/08	USD	128.57	5.4	27.5	-11.9
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/08	JPY	8851.63	5.3	25.8	-11.0
GAM Japan USD	JP	EQ	VGB	03/10	USD	1161.89	5.4	50.5	-9.1
GAM Japan YEN	JP	EQ	VGB	03/10	JPY	9192.50	4.2	44.6	-12.7
GAM Money Mkt EuroOp	EU	MM	VGB	03/09	EUR	51.16	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/09	USD	100.04	0.2	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/26	EUR	112.52	1.2	1.4	-8.1
GAM Multi-Arb USD Op	OT	OT	VGB	02/26	USD	117.40	1.2	1.6	-8.4
GAM Multi-China EUR Op	OT	OT	VGB	02/26	EUR	160.32	-4.6	NS	-6.5
GAM Multi-China USD Op	OT	OT	VGB	02/26	USD	168.97	-4.3	8.1	-7.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/26	GBP	128.51	-2.3	23.0	-2.1
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/26	USD	636.36	-2.2	23.2	-2.5
GAM Multi-Eur EUR Op	OT	OT	VGB	02/26	EUR	264.14	-1.7	3.5	-6.4
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/26	EUR	135.91	-1.7	3.4	-6.5
GAM Multi-Eur II USD Op	OT	OT	VGB	02/26	USD	111.17	-1.7	3.4	-7.5
GAM Multi-Eur USD Op	OT	OT	VGB	02/26	USD	459.73	-1.7	3.3	-7.4
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/26	EUR	133.40	-0.4	8.8	-1.9
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/26	USD	217.04	-0.5	9.0	-2.1
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/26	EUR	139.32	-2.8	0.9	-3.7
GAM Multi-Pac USD Op	OT	OT	VGB	02/26	USD	160.94	-2.7	1.6	-4.0
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/05	USD	2749.93	4.2	72.4	11.2
GAM Sing/Malaysia	AS	EQ	VGB	03/10	USD	2518.64	-0.3	79.1	-0.3
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/08	GBP	240.86	4.7	54.0	7.1
GAM Trading EUR Inc	OT	OT	VGB	02/26	EUR	321.07	-1.3	2.6	3.3
GAM Trading USD Inc	OT	OT	VGB	02/26	USD	961.40	-1.2	3.1	2.7
GAM Trdg II IncEUR Op	OT	OT	VGB	02/26	EUR	137.36	-1.2	2.5	3.3
GAM Trdg II IncUSD Op	OT	OT	VGB	02/26	USD	312.17	-1.2	3.1	2.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/26	EUR	144.90	-1.3	2.4	3.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/26	USD	152.62	-1.2	2.9	2.5
GAM Trdg V IncEUR Op	OT	OT	VGB	02/26	EUR	122.83	-1.3	2.8	2.9
GAM Trdg V IncUSD Op	OT	OT	VGB	02/26	USD	128.05	-1.2	3.3	2.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/26	EUR	154.93	-1.3	2.4	2.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/26	USD	160.53	-1.2	2.9	2.6
GAM USDSpecBondInc	US	BD	VGB	03/08	USD	570.47	7.6	107.7	11.8
GAM Worldwide	GL	EQ	VGB	03/09	USD	2181.15	-2.0	62.3	-7.6
GAMut Investments	OT	OT	VGB	03/03	USD	7629.94	0.6	1.1	6.0

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/09	CHF	11.19	1.4	70.9	-5.4
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/09	EUR	12.26	2.9	73.8	-0.9
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/09	GBP	1.65	5.3	72.4	8.2
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/09	USD	13.10	-2.4	88.0	-6.5
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/09	EUR	108.86	7.6	50.7	-2.8
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/09	EUR	105.35	7.6	50.7	-2.8
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/09	EUR	11.23	2.1	53.5	-2.0
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/09	EUR	184.54	0.8	50.8	-5.1
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/09	EUR	168.62	0.8	50.7	-5.1
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/09	USD	15.30	-4.3	62.9	-10.1
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/09	USD	13.87	-4.3	62.8	-10.1
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/09	USD	5.69	3.8	50.5	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/10	EUR	94.89	7.9	43.3	-2.1
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/10	EUR	94.89	7.9	43.3	-2.1
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/10	JPY	958.01	4.0	43.6	-12.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/10	USD	11.69	5.2	49.1	-9.2
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/09	USD	2196.60	-1.8	63.3	-7.0

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American Growth	US	EQ	LUX	03/10	USD	15.51	1.6	65.1	-7.0
American Growth AA	US	EQ	LUX	03/11	USD	0.90	1.5	64.7	-5.5
Asian Equity	AS	EQ	LUX	03/10	USD	2.42	-1.1	85.1	-3.8
Asian Equity AA	AS	EQ	LUX	03/10	USD	0.78	-1.2	84.4	-4.1
Asian Sm Cap Equity AA	AS	EQ	LUX	03/11	USD	1.19	2.8	126.4	3.0
China Value A	AS	EQ	LUX	03/10	USD	6.86	-3.5	71.8	-0.2
China Value AA	AS	EQ	LUX	03/11	USD	2.16	-3.6	71.3	-0.5
Dragon Growth	AS	EQ	LUX	03/10	USD	1.62	-1.6	81.8	-2.1
Dragon Growth AA	OT	OT	LUX	03/10	HKD	7.86	-1.6	81.5	-3.0
Emg Eastrn Europe A	EU	EQ	LUX	03/10	USD	4.72	2.5	134.3	-11.6
Emg Eastrn Europe AA	EU	EQ	LUX	03/11	USD	2.03	2.4	134.0	-11.8
European Growth	EU	EQ	LUX	03/10	USD	8.79	-4.0	80.3	-15.1
European Growth AA	EU	EQ	LUX	03/10	USD	0.63	-4.0	79.8	-15.3
Global Contrarain AA	GL	EQ	LUX	03/11	USD	0.93	5.1	134.7	NS
Global Property AA	OT	EQ	LUX	03/11	USD	0.69	1.8	109.9	-8.5
Global Resources AA	OT	EQ	LUX	03/11	USD	1.08	-0.1	67.6	-14.8
Healthcare AA	OT	EQ	LUX	03/11	USD	0.99	4.9	46.2	NS
India Equity AA	EA	EQ	LUX	03/11	USD	1.09	-1.0	114.0	-4.9
International Growth	GL	EQ	LUX	03/10	USD	3.05	0.1	57.3	-11.3
International Growth AA	GL	EQ	LUX	03/11	USD	0.71	0.0	56.9	-11.5
Japanese Growth	JP	EQ	LUX	03/10	USD	2.81	2.0	48.2	-8.3
Japanese Growth AA	JP	EQ	LUX	03/11	USD	0.74	2.6	48.8	-8.2
Latin America Equity AA	GL	EQ	LUX	03/11	USD	1.29	-0.3	130.8	-3.9
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/11	USD	1.04	3.0	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/11	USD	1.16	1.4	NS	NS
Russia Equity AA	EE	EQ	LUX	03/11	USD	0.70	8.3	152.9	-16.3
Taiwan Equity AA	AS	EQ	LUX	03/10	USD	1.03	-5.1	78.6	-2.1
Turkey Equity AA	EE	EQ	LUX	03/11	USD	0.75	-2.1	173.5	1.0
U.S. Bond AA	US	BD	LUX	03/11	USD	1.14	2.6	21.5	8.6
U.S. Sm Cap Equity AA	US	EQ	LUX	03/11	USD	0.93	12.7	120.5	-1.5
U.S. Special Opportunities	OT	OT	LUX	03/11	USD	0.91	10.4	127.1	10.8
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/11	USD	1.14	0.2	11.1	0.1

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Indonesian Grth Fund	EA	EQ	CYM	03/03	USD	129.92	2.0	140.7	-4.3

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Asia Value Formula Fd-B	AS	EQ	CYM	03/10	USD	8.15	1.6	112.2	-0.1

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A company of Amundi Group
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Bonds Eur Hi Yld A	OT	OT	LUX	03/09	EUR	21.61	5.0	67.4	6.2
Bonds EURO A	OT	OT	LUX	03/09	EUR	41.65	1.5	5.1	4.8
Bonds EUROPE A	OT	OT	LUX	03/09	EUR	39.69	1.5	3.9	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	03/09	USD	37.48	1.6	18.3	8.5
Bonds World A	OT	OT	LUX	03/09	USD	41.61	-0.9	13.4	2.1
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/10	USD	10.29	-1.3	91.9	-3.9
Eq. China A	AS	EQ	LUX	03/10	USD	22.90	-5.1	73.4	-5.7
Eq. Concentrated Euroland A	OT	OT	LUX	03/09	EUR	92.39	-0.6	50.8	-11.1
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/09	EUR	27.07	0.2	60.7	-10.6
Eq. Emerging Europe A	OT	OT	LUX	03/09	EUR	25.77	9.4	118.5	-15.6
Eq. Euroland A	EU	EQ	LUX	03/09	EUR	10.79	-0.4	54.1	-12.0
Eq. Euroland Small Cap A	OT	OT	LUX	03/09	EUR	145.34	3.0	64.4	-5.0
Eq. EurolandCyclclsA	EU	EQ	LUX	03/09	EUR	18.17	2.1	57.3	-7.7
Eq. EurolandFinancialA	OT	EQ	LUX	03/09	EUR	10.79	-4.6	113.6	-14.6
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/09	USD	9.24	-4.6	81.8	-12.9
Eq. Global A	GL	EQ	LUX	03/09	USD	28.05	0.7	72.4	-8.4
Eq. Global Energy A	OT	EQ	LUX	03/09	USD	17.77	-2.0	48.5	-14.9
Eq. Global Resources A	OT	OT	LUX	03/09	USD	109.10	-0.1	73.8	-13.9
Eq. Gold Mines A	OT	EQ	LUX	03/09	USD	30.17	-0.4	52.1	-7.2
Eq. India A	OT	OT	LUX	03/10	USD	129.83	-0.7	113.9	-4.9
Eq. Japan CoreAlpha A	OT	OT	LUX	03/10	JPY	7552.75	4.1	49.6	-4.0
Eq. Latin America A	OT	OT	LUX	03/09	USD	114.40	-1.6	108.4	-9.3
Eq. US Lg Cap Gr A	US	EQ	LUX	03/09	USD	15.50	1.6	65.6	-5.7
Eq. US Rel Val A	US	EQ	LUX	03/09	USD	21.06	2.3	82.1	-8.9
Eq. US Sm Cap Val A	US	EQ	LUX	03/09	USD	16.88	5.8	90.3	-10.8
Money Market EURO A	EU	MM	LUX	03/09	EUR	27.41	0.1	0.6	2.3
Money Market USD A	US	MM	LUX	03/09	USD	15.83	0.0	0.3	1.3

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TNI Mena Real Estate Fund	OT	OT	BMU	03/04	USD	887.13	-7.7	2.4	-32.3
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/04	AED	4.76	-10.6	9.7	-37.1

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formerly known as China ABH Shares Fund									
Intel-Chin MainInd Foc	AS	EQ	CYM	02/26	USD	28.68	-3.9	76.4	6.4
Intel-China Converg*	AS	EQ	CYM	02/26	USD	109.61	-3.9	76.5	4.4
VP Classic - A	AS	EQ	CYM	03/10	USD	185.93	-0.3	92.4	3.8
VP Classic - B	AS	EQ	CYM	03/10	USD	86.58	-0.4	91.5	3.3
VP High Dividend Stk	AS	EQ	CYM	03/08	USD	46.67	2.7	100.9	6.3

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	03/11	JPY	9336.00	-1.3	33.0	-15.3
YMR-N Small Cap Fund	OT	OT	IRL	03/11	JPY	6731.00	-4.0	26.1	-15.7
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	03/11	JPY	6007.00	-2.3	25.0	-19.1
Yuki 77 Growth	JP	EQ	IRL	03/11	JPY	5500.00	-2.5	16.0	-23.1
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/11	JPY	6832.00	0.1	32.4	-14.7
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/11	JPY	7919.00	5.0	24.4	-13.2
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/11	JPY	4681.00	0.2	27.9	-19.0
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/11	JPY	5376.00	2.4	29.4	-13.2
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/11	JPY	4865.00	-4.7	23.5	-16.0
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/11	JPY	4330.00	-2.0	26.5	-23.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/11	JPY	4562.00	-2.2	26.2	-23.3
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/11	JPY	6821.00	-2.2	34.4	-17.8
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/11	JPY	8592.00	-0.3	30.7	-14.8
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/11	JPY	6238.00	-1.9	23.5	-17.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/11	JPY	7752.00	1.5	18.6	-16.6
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/11	JPY	5204.00	0.3	30.5	-16.3
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/11	JPY	11803.00	2.1	32.2	-11.1
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/11	JPY	7686.00	-3.4	23.5	-20.3
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/11	JPY	6720.00	-5.8	30.3	-17.3
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/11	JPY	5703.00	1.0	31.3	-13.2
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/11	JPY	2605.00	-4.4	28.2	-22.3
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	03/11	JPY	5428.00	0.1	30.7	-16.0

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Sweden	-0.43%	6.6%	58.3%
Switzerland	-0.60	4.5	56.8
Netherlands	-0.62	3.6	69.7
U.K.	-0.78	3.2	52.1
Japan	0.89	2.4	37.4
Canada	-0.10	1.0	39.9
South Africa	-1.01	0.2	32.4
Australia	-0.19	unch.	47.0
France	-0.57	-0.7%	47.7
Russia	-0.63	-1.0	69.0
Germany	-0.26	-1.1	42.7
Singapore	0.52	-1.3	95.3
Hong Kong	0.03	-2.3	63.3
Italy	-0.43	-2.6	64.8
South Korea	-0.54	-3.0	48.5
Turkey	-1.05	-3.2	115.1
Brazil	-0.51	-3.3	102.0
Spain	-0.62	-5.6	41.3
China 88	0.22	-9.7	40.2

Dow Jones Regional Sector Titans

Travel Leisure	-0.08%	6.7%	59.2%
Arab 50	0.28	5.6	36.8
Ind Gds Svcs	-0.41	5.3	77.9
Pers H'hold Gds	-0.16	4.5	51.4
Retail	0.05	3.2	52.1
Asian 50	0.13	2.1	67.7
Media	-0.45	2.0	65.6
DJ Sector Titans Real Estate Index	-0.25	0.8	79.4
Global 50	-0.07	-1.6%	46.4
Tiger 50*	-0.14	-3.2	80.4

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Seven I Hldgs	Japan	Broadline Retailers	$20.2	2,020	3.11%	6.0%	-42.5%
Mitsui	Japan	Industrial Suppliers	31.0	1,545	2.73	91.7	-27.1
Sony	Japan	Consumer Electronics	37.9	3,440	1.93	98.3	-42.3
China Mobile (HK)	Hong Kong	Mobile Telecommunications	193.1	75.35	1.62	14.4	9.8
Shin-Etsu Chml	Japan	Specialty Chemicals	24.0	5,100	1.39	20.0	-27.4
QBE Ins Grp	Australia	Reinsurance	$19.7	21.06	-1.63%	32.5	-32.1
Indl Comm Bk China	Hong Kong	Banks	62.4	5.83	-1.35	82.8	37.2
Westpac Bking	Australia	Banks	71.6	27.00	-1.21	62.7	5.3
Nippon Steel	Japan	Iron Steel	23.7	340.00	-1.16	44.1	-60.3
JFE Hldgs	Japan	Iron Steel	20.3	3,465	-1.00	81.7	-52.0

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Nissan Motor Japan (Automobiles)	33.6	746.00	1.36%	131.0%	-42.4%
Takeda Pharm Japan (Pharmaceuticals)	35.6	4,075	1.24	26.6	-46.9
Mizuho Financial Grp Japan (Banks)	29.1	187.00	1.08	9.4	-75.8
Nintendo Japan (Toys)	39.3	27,780	1.02	0.1	-16.6
Mitsubishi UFJ Finl Japan (Banks)	70.9	461.00	0.88	16.4	-65.9
Canon Japan (Electronic Office Equipment)	55.1	4,035	0.88	77.0	-35.0
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.4	57.15	0.79	55.1	-21.2
Honda Motor Japan (Automobiles)	66.2	3,270	0.77	58.4	-21.2
KDDI Japan (Mobile Telecommunications)	23.2	474,000	0.74	10.5	-47.0
Panasonic Japan (Consumer Electronics)	30.7	1,340	0.68	30.0	-42.6
East Japan Railway Japan (Travel Tourism)	26.8	6,130	0.66	26.9	-33.4
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.1	2,535	0.60	32.5	-37.7
Woolworths Australia (Food Retailers Wholesalers)	31.8	28.36	0.57	13.0	1.4
Mitsubishi Japan (Industrial Suppliers)	42.6	2,347	0.51	112.2	-12.8
Aus NZ Bk Australia (Banks)	54.9	24.06	0.50	87.1	-16.6
Japan Tobacco Japan (Tobacco)	35.3	332,000	0.45	49.5	-39.0
Sumitomo Mitsui Finl Japan (Banks)	43.0	2,880	0.45	7.5	-73.6
Toyota Motor Japan (Automobiles)	120.6	3,460	0.44	22.7	-54.8
Tokyo Elec Power Japan (Conventional Electricity)	36.3	2,430	0.41	3.4	-40.6
Nippon T&T Japan (Fixed Line Telecommunications)	57.0	3,890	0.39	13.4	-34.1

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
CNOOC Hong Kong (Exploration Production)	73.6	12.78	0.31%	86.8%	101.9%
NTT DoCoMo Japan (Mobile Telecommunications)	64.0	138,400	0.29	6.6	-32.5
RioZim Ltd Australia (General Mining)	41.8	75.55	0.27	90.8	30.5
Commonwlth Bk of Aus Australia (Banks)	77.3	55.80	0.20	94.6	12.6
Kansai Elec Power Japan (Conventional Electricity)	22.4	2,118	0.14	5.9	-41.3
PetroChina Hong Kong (Integrated Oil Gas)	25.0	9.20	0.11	69.4	5.5
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	37.8	114.50	0.09	94.4	30.3
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.0	61.40	...	27.9	-9.7
Shinhan Financial Grp South Korea (Banks)	18.6	44,500	-0.11	93.5	-13.4
Cheung Kong Hong Kong (Real Estate Holding Development)	29.3	98.05	-0.15	63.8	6.7
National Australia Bk Australia (Banks)	51.1	26.75	-0.19	59.9	-33.7
China Life Ins Hong Kong (Life Insurance)	35.0	36.45	-0.27	61.3	74.8
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.9	137.50	-0.36	130.8	-0.6
KB Fncl Group South Korea (Banks)	17.6	51,900	-0.38	66.8	-35.8
Woodside Petroleum Australia (Exploration Production)	29.6	45.27	-0.48	25.8	24.7
China Constr Bk Hong Kong (Banks)	179.3	6.19	-0.48	59.1	45.3
BHP Billiton Australia (General Mining)	131.5	43.01	-0.53	41.7	56.3
Westfield Grp Australia (Retail REITs)	25.2	12.00	-0.58	25.4	-43.6
Samsung Elec South Korea (Semiconductors)	101.1	778,000	-0.77	45.2	32.8
POSCO South Korea (Iron Steel)	37.1	555,000	-0.89	58.6	42.9

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.52%	2.12%	0.8%	0.2%	6.0%
Event Driven	0.57	2.54	1.6	1.1	14.6
Equity Long/Short	1.11	3.69	4.6	2.6	7.5

*Estimates as of 03/09/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

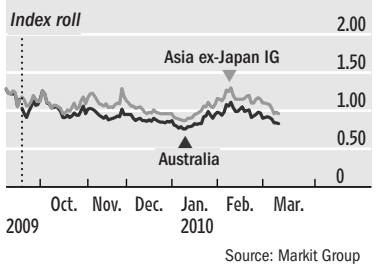
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.74	101.20%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.09	99.61	0.01	1.76	0.92	1.29
Europe Crossover: 12/1	4.06	103.73	0.05	6.15	3.79	4.89
Asia ex-Japan IG: 12/1	0.96	100.17	0.01	1.34	0.87	1.07
Japan: 12/1	1.23	98.92	0.01	1.68	0.99	1.36

Note: Data as of March 10

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Taiheiyo Cem	491	**-16**	–40	–7
Nishimatsu Constr	537	**-11**	–30	–43
GS Caltex Oil	85	**-8**	–24	–45
Kookmin Bk	103	**-8**	–24	–30
Rep Korea	76	**-7**	–22	–44
POSCO	57	**-7**	–21	–40
Malaysia	76	**-7**	–21	–39
Samsung Electrs	50	**-6**	–17	–38
Korea Elec Pwr	61	**-6**	–19	–40
Rep Philippines	160	**-6**	–16	–47

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sumitomo	63	**4**	–11	–28
Mitsubishi Heavy Inds	53	**5**	–12	–32
Mitsubishi Matls	107	**7**	–7	–16
Daiwa Secs Gp	115	**7**	–19	–25
Nagoya Rr	73	**8**	3	3
Nomura Hldgs	179	**9**	–35	–33
Promise	673	**9**	–33	13
Acom	283	**12**	–17	–8
Softbank	294	**12**	–6	–24
Sanyo Shinpan Fin	675	**20**	–25	25

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, UK

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Barclays Capital	$52	9.0%	...	90%	5%	5%
Morgan Stanley	51	8.9	24%	4	71	1
UBS	49	8.5	6	23	71	...
Bank of America Merrill Lynch	35	6.0	16	64	17	2
RBS	35	6.0	12	79	...	9
Goldman Sachs	32	5.5	13	21	64	2
Lloyds Banking Group	29	5.1	4	35	...	60
JPMorgan	27	4.6	32	53	13	1
Credit Suisse	21	3.7	50	35	15	...

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	363.75	-1.75	-0.48%	714.00	325.00
Soybeans (cents/bu.)	CBOT	947.00	-11.00	-1.15	1,087.50	819.75
Wheat (cents/bu.)	CBOT	481.00	-0.50	-0.10	745.00	472.00
Live cattle (cents/lb.)	CME	91.725	-0.600	-0.65	92.500	83.075
Cocoa ($/ton)	ICE-US	2,847	3	0.11%	3,514	2,066
Coffee (cents/lb.)	ICE-US	133.40	0.65	0.49	190.40	118.30
Sugar (cents/lb.)	ICE-US	19.34	-0.35	-1.78	29.00	11.90
Cotton (cents/lb.)	ICE-US	79.36	-0.85	-1.06	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,660.00	-25	-0.93	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,194	-12	-0.54	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,239	6	0.49	1,605	1,214
Copper (cents/lb.)	COMEX	337.60	0.80	0.24	355.00	140.00
Gold ($/troy oz.)	COMEX	1110.30	2.20	0.20	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1714.00	12.20	0.72	1,949.50	916.00
Aluminum ($/ton)	LME	2,226.00	-33.00	-1.46	2,356.50	1,336.00
Tin ($/ton)	LME	17,550.00	-170.00	-0.96	18,250.00	9,945.00
Copper ($/ton)	LME	7,409.50	-159.50	-2.11	7,695.00	3,525.00
Lead ($/ton)	LME	2,260.00	-49.00	-2.12	2,615.00	1,236.00
Zinc ($/ton)	LME	2,336.00	-54.50	-2.28	2,659.00	1,214.00
Nickel ($/ton)	LME	21,395	-680	-3.08	22,950	9,475
Crude oil ($/bbl.)	NYMEX	82.17	-0.26	-0.32	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.1167	0.0005	0.02	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.2759	-0.0108	-0.47	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.529	-0.095	-2.10	10.430	4.512
Brent crude ($/bbl.)	ICE-EU	80.81	0.02	0.02	109.11	57.30
Gas oil ($/ton)	ICE-EU	667.00	0.25	0.04	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 11

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2765	0.1895	3.8588	0.2592
Brazil real	2.4204	0.4131	1.7701	0.5649
Canada dollar	1.4071	0.7107	1.0290	0.9718
1-mo. forward	1.4071	0.7107	1.0290	0.9718
3-mos. forward	1.4072	0.7106	1.0291	0.9717
6-mos. forward	1.4077	0.7104	1.0295	0.9714
Chile peso	708.66	0.001411	518.25	0.001930
Colombia peso	2595.39	0.0003853	1898.05	0.0005269
Ecuador US dollar-f	1.3674	0.7313	1	1
Mexico peso-a	17.2529	0.0580	12.6173	0.0793
Peru sol	3.8811	0.2577	2.8383	0.3523
Uruguay peso-e	26.938	0.0371	19.700	0.0508
U.S. dollar	1.3674	0.7313	1	1
Venezuela bolivar	5.87	0.170285	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4950	0.6689	1.0933	0.9147
China yuan	9.3346	0.1071	6.8266	0.1465
Hong Kong dollar	10.6097	0.0943	7.7591	0.1289
India rupee	62.3329	0.0160	45.5850	0.0219
Indonesia rupiah	12566	0.0000796	9190	0.0001088
Japan yen	123.78	0.008079	90.52	0.011047
1-mo. forward	123.76	0.008080	90.50	0.011049
3-mos. forward	123.72	0.008083	90.47	0.011053
6-mos. forward	123.62	0.008090	90.40	0.011062
Malaysia ringgit-c	4.5377	0.2204	3.3185	0.3013
New Zealand dollar	1.9557	0.5113	1.4302	0.6992
Pakistan rupee	115.203	0.0087	84.250	0.0119
Philippines peso	62.511	0.0160	45.715	0.0219
Singapore dollar	1.9114	0.5232	1.3978	0.7154
South Korea won	1549.86	0.0006452	1133.44	0.0008823
Taiwan dollar	43.470	0.02300	31.790	0.03146
Thailand baht	44.652	0.02240	32.655	0.03062

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7313	1.3674
1-mo. forward	1.0000	1.0000	0.7313	1.3674
3-mos. forward	1.0001	0.9999	0.7314	1.3673
6-mos. forward	1.0004	0.9996	0.7316	1.3669
Czech Rep. koruna-b	25.555	0.0391	18.689	0.0535
Denmark krone	7.4410	0.1344	5.4418	0.1838
Hungary forint	266.71	0.003749	195.05	0.005127
Norway krone	8.0169	0.1247	5.8629	0.1706
Poland zloty	3.9027	0.2562	2.8541	0.3504
Russia ruble-d	40.297	0.02482	29.470	0.03393
Sweden krona	9.7046	0.1030	7.0972	0.1409
Switzerland franc	1.4623	0.6839	1.0694	0.9351
1-mo. forward	1.4620	0.6840	1.0692	0.9353
3-mos. forward	1.4613	0.6843	1.0687	0.9358
6-mos. forward	1.4601	0.6849	1.0678	0.9365
Turkey lira	2.0988	0.4765	1.5349	0.6515
U.K. pound	0.9089	1.1002	0.6647	1.5044
1-mo. forward	0.9091	1.1000	0.6649	1.5041
3-mos. forward	0.9095	1.0995	0.6651	1.5035
6-mos. forward	0.9100	1.0989	0.6655	1.5027
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5155	1.9399	0.3770	2.6526
Egypt pound-a	7.4838	0.1336	5.4730	0.1827
Israel shekel	5.0976	0.1962	3.7280	0.2682
Jordan dinar	0.9685	1.0326	0.7083	1.4119
Kuwait dinar	0.3945	2.5348	0.2885	3.4661
Lebanon pound	2061.36	0.0004851	1507.50	0.0006634
Saudi Arabia riyal	5.1278	0.1950	3.7501	0.2667
South Africa rand	10.1817	0.0982	7.4461	0.1343
United Arab dirham	5.0225	0.1991	3.6730	0.2723
SDR -f	0.8935	1.1192	0.6534	1.5304

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	125.63	0.34	0.27%	2.1%	67.4%
...	Australia	SPX/ASX 200	4814.20	-5.76	-0.12%	-1.2	48.8
...	China	CBN 600	27177.80	-57.39	-0.21	-6.5	49.2
18	Hong Kong	Hang Seng	21228.20	19.91	0.09	-2.9	76.9
19	India	Sensex	17167.96	69.63	0.41	-1.7	105.8
...	Indonesia	Jakarta Composite	2676.522	6.303	0.24	5.6	104.3
...	Japan	Nikkei Stock Average	10664.95	101.03	0.96	1.1	48.2
...		Topix	930.38	7.94	0.86	2.5	32.7
...	Malaysia	Kuala Lumpur Composite	1321.43	-6.79	-0.51	3.8	57.6
...	New Zealand	NZSX-50	3223.446	-2.746	-0.09	-0.2	29.4
8	Pakistan	KSE 100	9879.70	94.72	0.97	5.2	73.1
14	Philippines	Manila Composite	3125.56	5.93	0.19	2.4	66.3
...	Singapore	Straits Times	2873.91	11.62	0.41	-0.8	92.4
11	South Korea	Kospi	1656.62	-5.62	-0.34	-1.6	46.8
20	Taiwan	Weighted	7749.66	-29.42	-0.38	-5.4	63.0
10	Thailand	SET	725.95	5.11	0.71	-1.2	74.9
57	**EUROPE**	Stoxx Europe 600	257.55	-0.69	-0.27	1.7	54.1
22		Stoxx Europe 50	2576.82	-11.84	-0.46	-0.1	50.4
70	**Euro Zone**	Euro Stoxx	272.54	-1.14	-0.42%	-0.8%	50.0%
21		Euro Stoxx 50	2894.89	-14.51	-0.50	-2.4	47.8
20	Denmark	OMX Copenhagen	349.08	-1.58	-0.45	10.6	70.3
21	Finland	OMX Helsinki	7061.90	-44.88	-0.63	9.4	54.5
17	France	CAC-40	3928.95	-14.60	-0.37	-0.2	45.8
15	Germany	DAX	5928.63	-8.09	-0.14	-0.5	49.9
14	Italy	FTSE MIB	22540.85	-97.80	-0.43	-3.0	61.9
...	Netherlands	AEX	339.02	-1.95	-0.57	1.1	60.4
...	Russia	RTSI	1504.04	2.64	0.18%	5.4	143.0
10	Spain	IBEX 35	11045.4	-75.6	-0.68	-7.5	50.5
16	Switzerland	SMI	6851.73	-21.86	-0.32	4.7	47.5
...	Turkey	ISE National 100	52376.55	-376.45	-0.71	-0.8	122.5
14	U.K.	FTSE 100	5617.26	-23.31	-0.41	3.8	51.3
18	**AMERICAS**	DJ Americas	304.95	-1.16	-0.38	2.9	61.8
...	Brazil	Bovespa	69877.20	-102.07	-0.15	1.9	79.0
...	Argentina	Merval	2338.04	5.82	0.25	0.7	131.8
19	Mexico	IPC	32407.01	-98.75	-0.30	0.9	74.0

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2345.63	-7.15	-0.30%	1.2%	64.6%	-6.1%
1.92	19	**Global DOW**	1971.89	-4.47	-0.23	-0.6	59.2	-3.1
2.43	15	**Global Titans 50**	170.88	-0.11	-0.07	-1.6	46.4	-8.6
2.18	25	**Asia/Pacific TSM**	1242.00	3.25	0.26	2.1	72.5	-4.4
2.42	15	**Asia/Pacific ex-Japan TSM**	3067.76	-11.53	-0.37	-0.3	100.5	2.3
2.78	14	**Europe TSM**	2586.62	-15.75	-0.61	-3.4	65.2	-10.1
1.86	14	**Emerging Markets TSM**	4093.53	-17.44	-0.42	0.9	101.6	3.2
2.45	33	**Asian Titans 50**	137.10	0.18	0.13	2.1	67.7	-6.4
6.37	6	**BRIC 50**	590.31	-0.56	-0.09	-1.3	100.1	8.2
0.86	27	**CBN China 600** -c	27177.80	-57.40	-0.21	-6.5	49.2	9.6
2.35	18	**China Offshore 50**	3965.50	-5.06	-0.13	-2.8	67.7	8.9
0.89	30	**Shanghai** -c	366.60	-0.73	-0.20	-5.4	50.0	9.8

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	401.23	-1.82	-0.45%	-3.7%	66.2%	15.7%
1.84	22	**U.S. TSM**	11772.99	-37.68	-0.32	3.4	55.6	-6.0
4.83	14	**Global Select Div** -d	197.75	-0.04	-0.02	-2.1	100.0	-9.3
5.34	14	**Asia/Pacific Select Div** -d	269.65	-1.27	-0.47	0.4	122.2	-9.2
3.70	14	**Hong Kong Select Div** -d	192.25	0.04	0.02	2.6	69.4	2.2
4.23	15	**U.S. Select Dividend** -d	323.71	-1.53	-0.47	2.5	56.6	-13.2
1.80	15	**Islamic Market**	1988.47	-7.27	-0.36	0.7	55.2	-1.3
2.00	15	**Islamic Market 100**	2104.86	-6.72	-0.32	-0.8	42.2	-1.9
2.60	17	**Islamic China/HK Titans 30**	1515.78	8.05	0.53	2.0	67.4	4.3
1.55	12	**Sustainability Korea**	1213.46	-7.75	-0.63	0.7	96.6	1.4
3.40	17	**Brookfield Infrastructure**	2038.92	-1.44	-0.07	0.6	56.5	-3.3
		DJ-UBS Commodity -p	133.61	-0.32	-0.24	-4.0	30.1	-7.3

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.093	0.665	1.029	6.827	0.731	7.759	45.585	9190.33	90.520	1.430	1133.44	3.318	45.715	1.398	1.069	31.790	32.655
Australia	0.915		0.608	0.941	6.244	0.669	7.097	41.694	8405.94	82.794	1.308	1036.70	3.035	41.813	1.278	0.978	29.077	29.868
Britain	1.504	1.645		1.548	10.270	1.100	11.673	68.578	13825.94	136.178	2.152	1705.15	4.992	68.774	2.103	1.609	47.825	49.126
Canada	0.972	1.063	0.646		6.634	0.711	7.540	44.300	8931.32	87.969	1.390	1101.50	3.225	44.427	1.358	1.039	30.894	31.735
China	0.1465	0.160	0.097	0.151		0.107	1.137	6.678	1346.26	13.260	0.210	166.03	0.486	6.697	0.205	0.157	4.657	4.784
Euro	1.367	1.495	0.909	1.407	9.335		10.610	62.333	12566.86	123.777	1.956	1549.87	4.538	62.511	1.911	1.462	43.470	44.652
Hong Kong	0.129	0.141	0.086	0.133	0.880	0.094		5.875	1184.47	11.666	0.184	146.08	0.428	5.892	0.180	0.138	4.097	4.209
India	0.0219	0.0240	0.0146	0.0226	0.1498	0.0160	0.1702		201.61	1.9857	0.0314	24.86	0.0728	1.0029	0.0307	0.0235	0.6974	0.7164
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0098	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.086	0.504	101.53		0.016	12.52	0.037	0.505	0.015	0.012	0.351	0.361
New Zealand	0.699	0.764	0.465	0.719	4.773	0.511	5.425	31.873	6425.88	63.292		792.50	2.320	31.964	0.977	0.748	22.228	22.832
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0402	8.11	0.0799	0.0013		0.0029	0.0403	0.0012	0.0009	0.0280	0.0288
Malaysia	0.301	0.329	0.200	0.310	2.057	0.220	2.338	13.737	2769.42	27.277	0.431	341.55		13.776	0.421	0.322	9.580	9.840
Philippines	0.022	0.024	0.015	0.023	0.149	0.016	0.170	0.997	201.04	1.980	0.031	24.79	0.073		0.031	0.023	0.695	0.714
Singapore	0.715	0.782	0.476	0.736	4.884	0.523	5.551	32.612	6574.85	64.759	1.023	810.87	2.374	32.705		0.765	22.743	23.362
Switzerland	0.935	1.022	0.622	0.962	6.384	0.684	7.256	42.627	8593.91	84.646	1.337	1059.88	3.103	42.748	1.307		29.727	30.536
Taiwan	0.031	0.034	0.021	0.032	0.215	0.023	0.244	1.434	289.10	2.847	0.045	35.65	0.104	1.438	0.044	0.034		1.027
Thailand	0.031	0.033	0.020	0.032	0.209	0.022	0.238	1.396	281.44	2.772	0.044	34.71	0.102	1.400	0.043	0.033	0.974	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 11, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	302.23	-0.55%	**0.9%**	61.5%
2.50	24	**World (Developed Markets)**	1,180.32	-0.53	**1.0**	57.2
1.80	83	**World Small Cap**	200.48	-0.72	**5.4**	80.9
2.50	21	**Kokusai (World ex-Japan)**	1,167.36	-0.72	**0.7**	60.3
3.00	23	**EAFE**	1,562.32	-0.57	**-1.2**	56.6
2.20	20	**Emerging Markets (EM)**	993.44	-0.73	**0.4**	99.0
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	416.55	-0.47	**0.0**	94.4
2.20	22	**AC Far East ex-Japan**	445.69	-0.36	**-1.0**	85.3
1.70	145	**Japan**	577.14	-0.23	**1.5**	23.6
2.00	19	**China**	63.52	0.30	**-2.0**	75.3
0.90	37	**China A (China Domestic)**	3,141.04	-0.85	**-7.1**	54.0
2.60	23	**Hong Kong**	10,260.78	-0.04	**0.8**	63.6
0.90	20	**India**	699.76	0.31	**-1.0**	105.9
1.30	16	**Korea**	470.54	0.01	**-2.1**	61.4
2.30	20	**Malaysia**	484.76	0.72	**3.2**	46.3
3.10	17	**Singapore**	1,583.55	0.89	**-2.5**	76.7
2.70	234	**Taiwan**	279.80	0.07	**-5.5**	62.1
3.30	18	**Thailand**	296.27	-0.11	**-1.8**	68.4
3.60	25	**Australia**	998.16	-0.06	**-0.3**	44.7
5.00	16	**New Zealand**	84.42	0.62	**-3.2**	15.6
1.90	28	**US BROAD MARKET**	1,281.88	-0.52	**3.6**	59.6
3.40	16	**EUROPE**	89.67	0.58	**1.6**	48.4

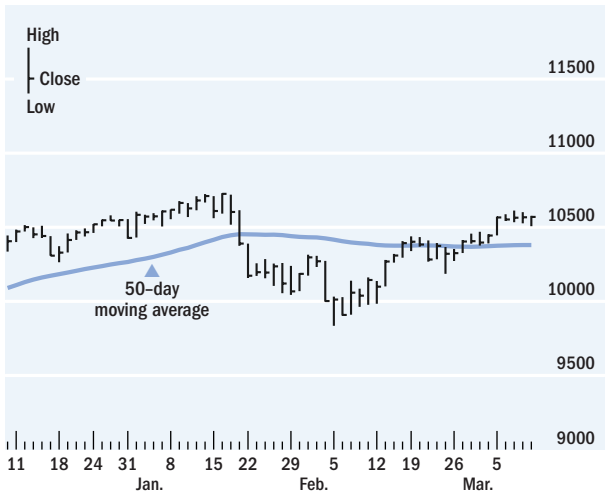
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10569.75** ▲ 2.42, or 0.02%
YEAR TO DATE: ▲ **141.70, or 1.4%**
OVER 52 WEEKS ▲ **3,399.69, or 47.4%**



Nasdaq Composite Index P/E: 19*

LAST: **2361.03** ▲ 2.08, or 0.09%
YEAR TO DATE: ▲ **91.88, or 4.0%**
OVER 52 WEEKS ▲ **934.93, or 65.6%**

S&P 500 Index P/E: 22

LAST: **1145.50** ▼ 0.11, or 0.01%
YEAR TO DATE: ▲ **30.40, or 2.7%**
OVER 52 WEEKS ▲ **394.76, or 52.6%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**7.50**	$25.44	-0.08	**-0.32%**
Alcoa	AA	**12.10**	13.60	0.03	**0.22**
AmExpress	AXP	**1.90**	39.69	-0.03	**-0.09**
BankAm	BAC	**61.10**	17.18	0.07	**0.41**
Boeing	BA	**2.80**	70.11	0.10	**0.14**
Caterpillar	CAT	**2.60**	58.35	-0.43	**-0.73**
Chevron	CVX	**3.10**	73.92	-0.04	**-0.05**
CiscoSys	CSCO	**15.60**	25.89	0.02	**0.07**
CocaCola	KO	**8.30**	53.58	-0.18	**-0.33**
Disney	DIS	**4.70**	33.57	0.24	**0.72**
DuPont	DD	**1.80**	35.14	-0.06	**-0.17**
ExxonMobil	XOM	**7.70**	67.32	0.10	**0.15**
GenElec	GE	**22.40**	16.38	-0.13	**-0.79**
HewlettPk	HPQ	**3.40**	51.72	-0.06	**-0.12**
HomeDpt	HD	**4.50**	31.98	0.27	**0.85**
Intel	INTC	**26.80**	21.14	-0.05	**-0.24**
IBM	IBM	**3.60**	127.27	1.65	**1.31**
JPMorgChas	JPM	**12.10**	42.98	0.05	**0.12**
JohnsJohns	JNJ	**4.00**	63.92	-0.37	**-0.58**
KftFoods	KFT	**4.20**	29.32	-0.06	**-0.20**
McDonalds	MCD	**1.90**	64.99	0.05	**0.08**
Merck	MRK	**6.20**	36.65	0.36	**0.99**
Microsoft	MSFT	**15.90**	28.97	0.00	**-0.02**
Pfizer	PFE	**21.30**	17.21	0.06	**0.35**
ProctGamb	PG	**2.80**	62.74	-0.27	**-0.42**
3M	MMM	**1.60**	80.80	-0.76	**-0.93**
TravelersCos	TRV	**1.50**	53.31	0.42	**0.79**
UnitedTech	UTX	**1.80**	71.50	-0.29	**-0.40**
Verizon	VZ	**4.00**	29.76	0.01	**0.03**
WalMart	WMT	**4.60**	53.78	0.15	**0.28**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**454.6**	$4.08	$0.12	**3.03%**
BankAm	BAC	**63.2**	17.19	0.08	**0.47**
SPDR S&P 500	SPY	**57.6**	114.92	-0.05	**-0.04**
SkillSoft ADS	SKIL	**36.3**	10.68	-0.58	**-5.15**
FordMotor	F	**34.7**	12.92	0.10	**0.77**
PwrShrs QQQ	QQQQ	**30.2**	47.18	0.01	**0.02**
SprintNextel	S	**29.4**	3.69	0.04	**1.10**
SiriusXM	SIRI	**28.7**	0.92	-0.02	**-1.69**
SynovusFnl	SNV	**28.6**	3.28	0.38	**13.10**
AmIntlGp	AIG	**27.0**	37.03	0.79	**2.18**
Intel	INTC	**26.9**	21.16	-0.03	**-0.14**
HuntgBcsh	HBAN	**25.8**	5.53	0.28	**5.30**
SPDR FnclSelSct	XLF	**25.8**	15.50	0.03	**0.19**
DrxFinancBear 3x	FAZ	**24.8**	14.90	-0.08	**-0.53**
iShrRu2000	IWM	**24.1**	67.36	-0.19	**-0.28**

Biggest gainers...

CapBcpLtd	CBC	**244.0**	$2.71	$0.47	**20.99%**
MgtNtwk	TMNG	**14.7**	2.70	0.42	**18.42**
FoxChaseBcp	FXCB	**27.6**	11.30	1.64	**16.98**
GeoEye	GEOY	**524.7**	28.53	3.80	**15.37**
GreenBksh	GRNB	**28.7**	7.65	0.92	**13.67**

...Biggest losers

Entorian	ENTN	**8.3**	$3.57	-$0.75	**-17.29%**
SecNtlFnl A	SNFCA	**2.3**	3.25	-0.50	**-13.33**
WillbrosGp	WG	**1,616.9**	13.18	-1.85	**-12.31**
ChinaSecTech	CSR	**2,757.4**	7.45	-0.93	**-11.10**
Innodata	INOD	**165.8**	4.83	-0.50	**-9.38**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$7.52	**Taiwan Semi**	TSM	**8,845.0**	$10.47	0.13	**1.26%**
4.24	1.85	**Utd Microelectronics**	UMC	**5,971.5**	3.62	0.01	**0.21**
82.74	38.22	**BHP Billiton**	BHP	**1,345.9**	78.39	-0.70	**-0.89**
5.23	2.10	**Adv Semi Engrg**	ASX	**851.1**	4.25	-0.08	**-1.85**
15.95	9.30	**China Unicom**	CHU	**821.7**	12.17	-0.17	**-1.38**
8.19	5.01	**Siliconware Prec Ind**	SPIL	**675.7**	6.05	-0.02	**-0.33**
59.22	40.20	**China Mobile**	CHL	**597.0**	48.75	0.67	**1.39**
13.30	6.82	**AU Optrncs**	AUO	**460.9**	10.92	-0.13	**-1.18**
38.00	17.64	**Sony**	SNE	**401.5**	37.91	0.26	**0.69**
6.84	3.94	**Mitsu UFJ Fnl**	MTU	**388.8**	5.10	0.01	**0.15**
91.97	57.80	**Toyota Motor**	TM	**382.6**	76.91	0.55	**0.72**
60.00	22.94	**Infosys Tech**	INFY	**340.5**	59.59	-0.21	**-0.36**
34.27	12.40	**Aluminum Cp of China**	ACH	**239.8**	25.72	-0.58	**-2.21**
18.64	13.31	**SK Telecom**	SKM	**239.2**	17.66	-0.10	**-0.54**
135.92	68.38	**PetroChina**	PTR	**194.3**	119.51	-0.31	**-0.26**
21.22	16.87	**ChunghwaTel**	CHT	**193.7**	19.04	0.03	**0.16**
81.00	41.69	**China Life Ins**	LFC	**173.4**	69.99	-1.11	**-1.56**
9.50	4.18	**Nomura Hldgs**	NMR	**169.7**	7.23	0.02	**0.28**
150.50	54.65	**POSCO**	PKX	**148.2**	122.92	-2.04	**-1.63**
41.87	20.56	**Telekom Indonesia**	TLK	**143.5**	37.52	-0.20	**-0.53**
18.20	8.08	**Korea Elec Pwr**	KEP	**137.8**	16.94	-0.03	**-0.15**
94.00	49.45	**China Petro & Chem**	SNP	**127.2**	79.17	-0.73	**-0.91**
17.19	10.60	**Matsushita Elec**	PC	**118.5**	14.71	-0.08	**-0.54**
171.59	86.19	**CNOOC**	CEO	**110.2**	165.72	0.08	**0.05**
9.82	5.77	**Telecom Corp of NZ**	NZT	**104.1**	7.95	0.00	**0**
14.09	2.00	**City Telecom**	CTEL	**100.2**	11.72	-0.33	**-2.74**
37.23	21.12	**Honda Motor**	HMC	**98.1**	36.07	-0.08	**-0.22**
34.43	21.60	**Huaneng Power Intl**	HNP	**95.1**	23.96	-0.16	**-0.66**
21.78	12.50	**KT Corp**	KT	**94.5**	20.39	-0.40	**-1.92**
25.65	5.85	**Yanzhou Coal Mining**	YZC	**89.0**	22.02	-0.10	**-0.45**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

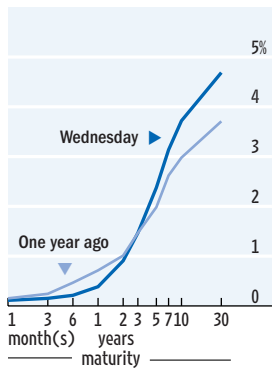
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.905%**	**396.2**	389.6	361.0	**179.2**	**4.803%**	4.419%	**2.816%**
4.500	10	**5.688**	**194.7**	181.9	192.0	**162.5**	**5.560**	5.485	**4.539**
5.000	**Austria** 2	**1.356**	**41.3**	37.1	78.9	**29.0**	**1.278**	1.598	**1.314**
3.900	10	**3.565**	**-17.6**	-17.8	13.8	**138.2**	**3.563**	3.703	**4.296**
2.000	**Belgium** 2	**1.171**	**22.8**	23.3	65.1	**22.0**	**1.140**	1.460	**1.244**
3.750	10	**3.672**	**-6.9**	-6.3	17.9	**119.8**	**3.678**	3.744	**4.112**
1.500	**Canada** 2	**1.541**	**59.8**	65.7	29.0	**-3.7**	**1.564**	1.099	**0.987**
3.750	10	**3.541**	**-20.0**	-20.3	-21.8	**0.3**	**3.538**	3.347	**2.917**
4.000	**Denmark** 2	**1.714**	**77.1**	80.8	99.6	**113.9**	**1.715**	1.805	**2.163**
4.000	10	**3.460**	**-28.1**	-26.9	-8.9	**56.9**	**3.472**	3.476	**3.483**
3.750	**France** 2	**0.970**	**2.7**	5.4	32.4	**58.9**	**0.961**	1.133	**1.613**
3.500	10	**3.483**	**-25.8**	-28.9	-12.8	**80.4**	**3.452**	3.437	**3.718**
1.250	**Germany** 2	**0.943**	**0.0**	0.8	19.3	**32.7**	**0.915**	1.002	**1.351**
3.250	10	**3.181**	**-56.0**	-58.3	-42.9	**15.7**	**3.158**	3.136	**3.071**
0.640	**Hong Kong** 2	**0.766**	**-17.7**	-14.1	-22.3	**-11.9**	**0.766**	0.586	**0.905**
2.160	10	**2.932**	**-80.9**	-80.8	-63.5	**-83.2**	**2.933**	2.930	**2.082**
5.000	**Italy** 2	**1.440**	**49.7**	51.8	121.0	**116.0**	**1.425**	2.019	**2.184**
4.250	10	**3.947**	**20.6**	18.7	54.4	**160.2**	**3.928**	4.109	**4.516**
0.200	**Japan** 2	**0.150**	**-79.3**	-75.7	-64.9	**-61.4**	**0.150**	0.160	**0.410**
1.400	10	**1.327**	**-241.4**	-243.3	-220.5	**-160.0**	**1.308**	1.360	**1.314**
2.500	**Netherlands** 2	**0.989**	**4.6**	3.8	30.3	**68.6**	**0.945**	1.112	**1.710**
3.500	10	**3.443**	**-29.8**	-32.5	-7.0	**94.2**	**3.416**	3.495	**3.856**
5.000	**Portugal** 2	**1.818**	**87.5**	90.3	158.1	**143.2**	**1.810**	2.390	**2.456**
4.800	10	**4.241**	**50.0**	46.5	123.3	**187.2**	**4.206**	4.798	**4.786**
5.350	**Spain** 2	**1.266**	**32.3**	35.0	103.2	**97.6**	**1.257**	1.841	**2.000**
4.000	10	**3.877**	**13.6**	9.9	58.4	**117.3**	**3.840**	4.149	**4.087**
2.750	**Switzerland** 2	**0.471**	**-47.2**	-45.5	-30.9	**-52.5**	**0.452**	0.500	**0.499**
2.250	10	**1.910**	**-183.1**	-183.6	-158.8	**-60.4**	**1.905**	1.977	**2.310**
3.250	**U.K.** 2	**1.062**	**11.9**	11.9	39.5	**35.3**	**1.026**	1.204	**1.377**
3.750	10	**4.145**	**40.4**	31.8	38.3	**17.8**	**4.059**	3.948	**3.092**
0.875	**U.S.** 2	**0.943**	**...**	...	...	**...**	**0.907**	0.809	**1.024**
3.625	10	**3.741**	**...**	...	...	**...**	**3.741**	3.565	**2.914**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.687%**	16.00	-2.35%	-0.02%	-0.02%	-11.17%
10-year Treasury	**3.720**	8.25	-0.93	1.71	1.71	-2.47
7 Year Treasury	**3.136**	6.24	-0.53	2.44	2.44	1.88
Five-year Treasury	**2.378**	4.66	-0.37	2.01	2.01	2.23
Ryan Index	**2.716**	6.67	-0.77	1.39	1.39	-0.61
3 Year Treasury	**1.466**	2.93	-0.23	1.33	1.33	3.28
Two-year Treasury	**0.907**	1.95	-0.18	0.81	0.81	2.26
1 Year Treasury	**0.386**	1.00	-0.04	0.20	0.20	1.29
Six-month Treasury	**0.213**	0.50	...	0.04	0.04	0.58
Ryan Cash Index-a	**0.216**	0.46	-0.01	0.07	0.07	0.57
Three-month bill	**0.152**	0.25	-0.01	0.01	0.01	0.31
One-month bill	**0.112**	0.08	...	0.01	0.01	0.12

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.53**	0.53
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23000%**	0.55625%
Three month	**0.25703**	1.32000
Six month	**0.39344**	1.90375
One year	**0.86125**	2.23000

	Latest	52 wks ago
Euro Libor		
One month	**0.37500%**	1.26500%
Three month	**0.59188**	1.64875
Six month	**0.90563**	1.80125
One year	**1.19625**	1.94125
Hibor		
One month	**0.08000**	0.34929%
Three month	**0.13000**	0.95143
Six month	**0.24000**	1.25143
One year	**0.53857**	1.72214
Asian dollars		
One month	**0.2370%**	0.56%
Three month	**0.2580**	1.3200
Six month	**0.3950**	1.8933
One year	**0.8582**	2.2200

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.21%**	0.28%
U.K. (BBA)	**0.520**	0.608
Euro zone	**0.29**	0.87

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10664.95

▲ **0.96% or 101.03**

Stronger overseas markets and a weaker yen set the table for a bullish market performance, led by Sony and other technology-related shares. Sony added 1.9%.

Stock	Volume in millions	Change Close	Change Net	Change %
Mizuho Financial	**107.86**	187	2	1.08
Clarion	**76.39**	186	4	2.20
Hitachi	**58.12**	320	8	2.56
NEC	**49.69**	260	11	4.42
Mtshbsh Fin Grp	**39.80**	461	4	0.88

Sensex
India 17167.96

▲ **0.41% or 69.63**

Foreign institutional investors continued to buy shares, but overall trading volume was muted. Sun Pharmaceutical Industries climbed 2.7% and Bharti Airtel rose 2%.

Stock	Volume in millions	Change Close	Change Net	Change %
Jaiprak Asso-A	**1.79**	146.40	0.75	0.51
Dlf-A	**1.29**	312.95	-1.50	-0.48
Hindalco-A	**0.88**	159.95	-2.80	-1.72
Tata Steel-A	**0.88**	608.35	-2.65	-0.43
Hind Unilever-A	**0.75**	228.80	-10.05	-4.21

Kospi
South Korea 1656.62

▼ **0.34% or 5.62**

Chinese inflation data revived worries about further tightening moves from Beijing. The won's recent strength spurred investors to lock in profits in auto makers.

Stock	Volume in millions	Change Close	Change Net	Change %
Samyang Optics	**84.95**	2,135	-70	-3.17
Hbe Energy	**59.57**	155	10	6.90
Woongjin Chem	**46.93**	1,160	90	8.41
Taechang	**44.08**	325	-55	-14.47
Hansol Homedeco	**11.17**	2,230	-25	-1.11

CBN 600
China 27177.80

▼ **0.21% or 57.39**

A slight increase in February inflation renewed concerns over fresh monetary tightening, cutting demand for most blue chips, but giving banks a modest boost.

Stock	Volume in millions	Change Close	Change Net	Change %
ShanghaiPudDevBank	**230.27**	21.30	0.56	2.70
JiangsuSunshine	**155.07**	7.10	-0.12	-1.66
FujianExpresswyDev	**142.88**	8.09	0.43	5.61
Icbc	**125.42**	4.90	0.02	0.41
ChinaMinshengBkg	**110.66**	7.46	0.10	1.36

Asian stocks in the news

Li & Fung
Hong Kong HK$40.25

▲ **3.1% or HK$1.20**

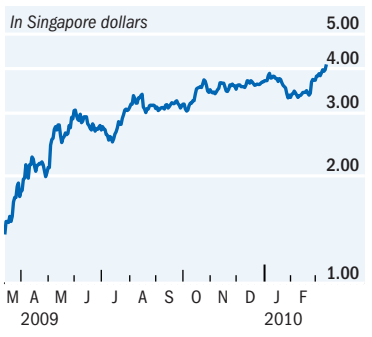
Investors saw the share price as a bargain after it fell 4.5% in the last two sessions.

		Price-to-earnings ratio	**56**
		Earnings per share, past four quarters	**0.72**
		Dividend yield	**1.5**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**0.8%**	3.7%	61.2%
Li & Fung	**3.1%**	4.8%	126.6%

SembCorp Marine
Singapore S$4.11

▲ **3.5% or S$0.14**

The rigbuilding company landed a contract from Brazil's Petrobras.



		Price-to-earnings ratio	**12**
		Earnings per share, past four quarters	**0.34**
		Dividend yield	**2.7**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.8%**	3.7%	85.5%
SembCorp Marine	**3.5%**	7.6%	200.0%

Geely Automobile Hldgs
Hong Kong HK$4.16

▲ **3.7% or HK$0.15**

A Swedish news report said Geely's parent had secured financing for the Volvo acquisition.

		Price-to-earnings ratio	**19**
		Earnings per share, past four quarters	**0.22**
		Dividend yield	**0.4**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**0.5%**	2.5%	69.7%
Geely Automobile Hldgs	**3.7%**	7.2%	560.3%

CITIC Pacific
Hong Kong HK$19.80

▲ **4.3% or HK$0.82**

The conglomerate's forecast-beating earnings continued to buoy shares.

		Price-to-earnings ratio	**12**
		Earnings per share, past four quarters	**1.63**
		Dividend yield	**2.0**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.8%**	3.7%	85.5%
CITIC Pacific	**4.3%**	14.6%	156.5%

Acom
Japan ¥1,448

▲ **7.6% or ¥102**

A Nomura report citing Promise's growth prospects gave rival consumer lender Acom a boost.

		Price-to-earnings ratio	**None**
		Earnings per share, past four quarters	**-72.00**
		Dividend yield	**0.7**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services	**...**	3.2%	101.2%
Acom	**7.6%**	14.4%	-39.2%

Fuji Elec Hldgs
Japan ¥242

▼ **2.0% or ¥5**

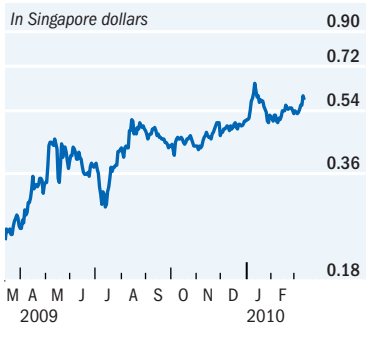
Net profit slid 34% and revenue fell 10% for the fiscal year ended Jan. 31.

		Price-to-earnings ratio	**None**
		Earnings per share, past four quarters	**-12.10**
		Dividend yield	**None**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.8%**	3.7%	85.5%
Fuji Elec Hldgs	**-2.0%**	8.5%	198.8%

Golden Agri-Resources
Singapore S$0.58

▼ **2.5% or S$0.02**

Investors pocketed the previous day's gains amid uncertainty over the outlook for crude palm oil.



		Price-to-earnings ratio	**8**
		Earnings per share, past four quarters	**0.07**
		Dividend yield	**0.9**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**0.1%**	2.7%	67.8%
Golden Agri-Resources	**-2.5%**	8.4%	147.8%

Downer EDI
Australia A$7.68

▼ **2.5% or A$0.20**

Moody's downgraded the credit ratings of Reliance Rail, which is 49% owned by Downer EDI.

		Price-to-earnings ratio	**14**
		Earnings per share, past four quarters	**0.54**
		Dividend yield	**1.7**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**0.2%**	2.6%	85.0%
Downer EDI	**-2.5%**	-0.8%	98.4%

Rakuten
Japan ¥66,900

▼ **2.6% or ¥1,800**

Morgan Stanley reduced its operating-profit forecast for the company by 9%.

		Price-to-earnings ratio	**28**
		Earnings per share, past four quarters	**2404.80**
		Dividend yield	**0.1**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**0.7%**	2.1%	68.9%
Rakuten	**-2.6%**	-2.3%	55.8%

Shinsei Bank
Japan ¥100

▼ **3.8% or ¥4**

Shares slid on a news report that the bank was preparing a new share issue.

		Price-to-earnings ratio	**20**
		Earnings per share, past four quarters	**4.90**
		Dividend yield	**None**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**-0.1%**	1.7%	80.1%
Shinsei Bank	**-3.8%**	...	35.1%

HEARD ON THE STREET

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Nissan's march into Thailand

The Ides of March: This year, for **Nissan Motor**, it has auspicious connotations.

On Friday, the first iteration of the auto maker's new global subcompact car, the Micra, will roll off an assembly line in Thailand. The same platform will be used in China, India and Mexico over the next two years as part of the company's bid to slash costs and gain a greater small-car footprint in emerging and developed markets world-wide. By 2013, Nissan targets one million car sales based on this common platform.

Moreover, Nissan says it will eventually stop making the Micra in Japan (where the car is called the March) and instead import the new model from Thailand. Importing cars to Japan is an unusual move for a major Japanese auto maker, and a first for Nissan.

Reuters

Nissan's new Micra on display at an auto show in Geneva earlier this month. The auto maker plans to build the subcompact in Thailand and ship it to Japan.

But it is smart. Making the Micra in Thailand brings many pluses for the Nissan. Thai government incentives include breaks on taxes and duties as part of Bangkok's efforts to promote environmentally friendly auto production.

Probably with a bit of spin thrown in, the Thai Board of Investment says the 90% reduction in duties on imported parts and materials will slash at least $3,000 out of the cost of producing each unit. This is substantial. In Japan, the current base model sells for about $10,000.

To get the breaks, Nissan has to use large amounts of Thai-made parts and ramp up production to at least 100,000 units within five years. Cheaper labor will cut costs, too. Nissan plans to locally procure 80% to 90% of the car's parts, by value, CLSA analyst Chris Richter says. Parts account for three-fourths of the cost of an auto.

Having a new, more fuel--efficient—and possibly cheaper—entry-level car for the Japanese market could help to get drivers into Nissan showrooms.

Despite slim or negative margins on such small cars, they do support dealerships through servicing and parts and potentially turn buyers into long-term customers.

Certainly, some in Japan may not be keen to buy a car made in Thailand. **Honda Motor** imported the Fit sedan from Thailand between 2002 to 2008, but it didn't sell as well as expected. But Japan's consumers are changing and becoming more frugal and less sensitive to where products are made.

Today, whether it's called the Micra or the March, the car may prove a better fit for cost-conscious drivers.

—James Simms

Is risk appetite turning more discerning?

Risk appetite is back. After February's correction sparked by fears over Greek debt, U.S. bank regulation and Chinese monetary tightening, equity and credit markets have bounced back. But risk appetite is starting to show signs of becoming more discriminating, as the global growth picture diverges. European risk assets look set to lag behind.

Fears of a new systemic crisis have clearly receded. The VIX stock-volatility index, a gauge of investors' fear, has returned to its January lows. Credit spreads have resumed tightening and corporate-bond issuance, including by junk-rated companies, has picked up. And the cost of insuring European sovereign debt against default has fallen sharply. Commodities prices have rallied.

But, unlike last year's almost uniform rebound from the March lows, not all risky assets are recovering. The euro remains in the doghouse against the dollar. German and French stocks are trailing—the Xetra DAX and CAC-40 indexes remain slightly down—while the S&P 500 is up 2.5% on the year now. The trend is clear in the bond markets: 10-year U.S. Treasury yields have risen around half a percentage point since October 2009 to reach 3.75%, but 10-year German Bund yields remain locked around 3.2%, reflecting continued risk aversion. European credit, too, is proving slower to rebound.

This suggests investors are becoming more focused on the differing prospects for growth and profits. J.P. Morgan, for instance, forecasts that U.S. gross domestic product will grow 3.4% in 2010, while the euro zone limps along at 1.6%—with recent data painting a gloomy picture for Europe. It may also reflect fears that Europe remains vulnerable to a fiscal or government debt crisis, while the U.S. is perceived as having greater flexibility.

If risk appetite holds up, then there is scope for further modest gains. Equities, while not cheap, still aren't expensive valued on next year's earnings forecasts, and credit spreads are in line with long-term averages, meaning they offer protection as default rates fall. But the gains are unlikely to be as uniform as last year, and Europe looks like the loser.

—Richard Barley

The prospects for Turkey look promising

The contrast couldn't be sharper. As Greece continues to call for support from its European Union peers to deal with a fiscal and funding crisis, Turkey has wound down more than 18 months of inconclusive talks with the International Monetary Fund and signaled that it plans to face its problems on its own. Its prospects in doing so look brighter than for many developed markets.

True, the IMF talks served a purpose: Turkey used them to remind jittery markets a funding package was possible, helping to stabilize Turkish assets during a potentially volatile period. On Tuesday, however, the two sides agreed to move to a regular Article IV consultation in May, meaning no deal is on the horizon at the moment.

But Turkey's ability to raise finance—with a 30-year dollar-bond sale in January heavily oversubscribed and growing depth in local capital markets—means an IMF deal is no longer vital.

Turkey does still face challenges. Headline annual inflation accelerated in February to above 10%, a move that will test the central bank's credentials. Crucially, however, core inflation remains subdued at 4.1%. Political risks also continue to lurk, but Turkey faces these risks from a position of strength.

While debt to GDP is forecast by Fitch Ratings to hit 47.6% by the end of 2010, it should decline in 2011—unlike in many developed countries. Its banking system is solid and the country has won credit-ratings upgrades that have taken it to near-investment-grade status.

The government and central bank's track record suggest they can pass the tests facing them. If they do, Turkey should emerge stronger still from the crisis.

—Richard Barley

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